

Has President Obama Chosen The Right Strategic Approach To Iran With The 2013 'Dual Track' Policy Of Diplomacy And Sanctions?

A Monograph

by

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ABSTRACT

HAS PRESIDENT OBAMA CHOSEN THE RIGHT STRATEGIC APPROACH TOWARDS IRAN WITH THE 2013 'DUAL TRACK' OF DIPLOMACY AND SANCTIONS? by COLONEL Richard C. Taylor, BRITISH ARMY, 85 pages.

President Obama's 'Dual Track' policy of diplomacy and sanctions has been successful in persuading the Iranian leadership to enter meaningful negotiations at the Geneva talks. However the policy, as it stands, may not deliver the regional stability it seeks without broader regional engagement and integration with a regional strategy that recognizes the rapidly changing geopolitical situation in the Middle East.

Thirty-four years of containment has institutionalized the enmity between the United States and Iran. American intervention in Iraq, the Arab Spring, sectarian violence in the Levant and the civil war in Syria have turned the geopolitics of the Middle East on its head. With growing success in its use of proxies, regional influence and national resilience, Iranian regional power is waxing as U.S. influence in the Middle East wanes. Many regional states and domestic audiences are unsure whether America has engaged in the Geneva talks to promote long term stability in the region or to facilitate an American rebalance from the Middle East to the Pacific. Ultimately however, the United States is the only regional player that can steer the region to stability. The key to engagement with Iran is their need for an economic recovery. However, neither Iran nor America's regional allies are unitary actors, so the United States will have to engage bi-laterally with Israel and the GCC nations to identify compromises that are beneficial to all. Zero enrichment and validation of Iranian nuclear compliance will need broad and detailed consensus beyond the P5+1. An agreement on Iran's nuclear capability will not deliver the regional security and stability that the United States and her regional allies seek. A mechanism to incrementally reduce sanctions at the same time as curbing an Iranian economic hegemony will therefore be needed to address Iranian terrorism and malign influence.

The value of hindsight from previous failed negotiations with Iran has highlighted four broad lessons. Firstly, timing is critical. Too often, genuine approaches by one side have been exploited for purely tactical gain by the other. Secondly, expectations must be realistic. Iranian engagement will cease if the United States seeks regime change – implied or explicit. Thirdly, Iran places significant importance on the language of mutual respect. Iran has proved willing to reduce its malign activity, but only if it is recognized as a nation state with a legitimate role in the region. Finally, America's regional allies, domestic opposition in Iran and U.S., and the international community may have reason to spoil the talks unless their interests are served. A broadening of the talks may allow a greater opportunity for all to perceive and sell the talks as a 'success'.

In the short term, the United States needs to bring Iran into regional politics rather than isolating it, and facilitate an Iranian economic recovery to allow President Rouhani to sell nuclear concessions as a success to its population. Balancing this, both America's regional allies and its domestic population need reassurance that a 'win-win' solution is viable and does not risk their security.

In the longer term, U.S. National Security Strategy will only be served if the Geneva talks lead to regional security and economic stability. This will require a revision of U.S. regional strategy and the generation of a convincing narrative that lays out a vision for a regional balance of power.

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ACRONYMS

AEO	Atomic Energy Organization
AIPAC	American Israel Public Affairs Committee
AQ	Al Qaida
EFP	Explosively Formed Projectile
GCC	Gulf Cooperation Council
IAEA	International Atomic Energy Agency
IMF	International Monetary Fund
IRGC	Iranian Revolutionary Guardians Corps
KSA	Kingdom of Saudi Arabia
LH	Lebanese Hezbollah
MeK	Mujahedeen-e Khalq
MFA	Ministry of Foreign Affairs
MOIS	Ministry of Internal Security
NATO	North Atlantic Treaty Organization
NCRI	National Council for Resistance of Iran
NPT	Non-proliferation Treaty
NSS	National Security Strategy
OPEC	Oil Producing Economic Council
SCC	Shanghai Cooperation Council
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nations
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
U.S.	United States

USSR

Union of Socialist Soviet Republics

TABLES

Table 1. Iran’s Grand Bargain – the list of Iranian offers and requests prepared by Sadegh Kharrazi (Iranian Ambassador to Paris) and approved by the Supreme Leader Ali Khameni and President Khatami. The offer was brought to Washington by Tim Guiliman (Swiss Ambassador to Tehran) in May 2003.....60

INTRODUCTION

With respect to United States foreign policy regarding the Iranian nuclear program, the ongoing debate on possible United States military intervention in Syria, and United States policy towards Egypt, all were lacking in both a well-defined goal (or desired end-state) and a clearly-articulated strategy.

— Henry Kissinger, September 11, 2013.

On November 23, 2013, the Western press reported that Iran had signed an historic agreement in Geneva with the ‘P5+1’ (China, France, Russia, UK and USA + Germany)¹ to halt uranium enrichment in exchange for sanctions relief. The agreement “freezes lower-grade Iranian enrichment, rolls back higher-grade enrichment ([to] below 20 per cent) and prevents Iran from adding to most of its nuclear facilities. However, it also leaves more than 19,000 installed centrifuges and over 10,000 kg of enriched uranium in place . . . to be addressed at a later stage of negotiations.”² Whilst the news was greeted with jubilation in Iran, it was met with muted dismay in the Kingdom of Saudi Arabia (KSA). Benjamin Netanyahu, the Israeli Prime Minister, immediately denounced the interim agreement as an ‘historic mistake’. After 34 years of diplomatic estrangement between the United States and the Islamic Republic of Iran, President Obama’s ‘Dual Track’ policy of diplomacy and sanctions has been successful in persuading the Iranian leadership to enter meaningful negotiations. However the policy, as it stands, may not deliver the regional stability it seeks without broader regional engagement and integration with a regional strategy that recognizes the rapidly changing geopolitical situation in the Middle East.

Relations between the United States and the Islamic Republic of Iran have been strained since the 1979 overthrow of the Shah and the emergence of a revolutionary Islamic state in Iran. The last 34 years have been characterized by a cold war that has lurched from near open

¹Alternatively defined as the ‘EU3+3’ (France, Germany and UK + China, Russia, USA).

²Shashank Joshi and Michael Stephens, *An Uncertain Future: Regional Responses To Iran’s Nuclear Programme* (London: RUSI Whitehall Report 4-13, December 2013), 3.

confrontation in the ‘Tanker Wars’ of the eighties to tactical collaboration in Afghanistan in 2001. However relations have never normalized, because repeated attempts at reconciliation by both sides have never coincided with reciprocity from the other. It has simply been easier to maintain the status quo of mutual enmity. As the political commentator Trita Parsi writes, “the hostility has been institutionalized because either too many forces on both sides calculate that they can better advance their own narrow interests by retaining the status quo, or the predictability of enmity is preferred to the unpredictability of peace making.”³ The diversity of interested parties further complicates any hope of normalization. Globally, the other members of the United Nations Security Council (UNSC) have divergent interests in the U.S.-Iran relationship. Regionally, Israel, KSA and Bahrain perceive any softening of the U.S.-Iran relationship as a threat to their security, whilst the remaining Gulf Cooperation Council (GCC) nations are wary of an Iranian desire for hegemony in the Arabian Gulf. Internally, both the United States and Iran have conservative factions that have spoiled previous attempts at rapprochement.

President Obama took office in 2009 with a mandate to resolve the conflict with Iran. Middle East Envoy Dennis Ross and Puneet Talwar from the National Security Council (NSC) staff led a review that recommended a ‘Dual Track’ policy of pressure and engagement to resolve Iran-U.S. differences.⁴ The policy focuses on the Iranian nuclear program by tightening sanctions and simultaneously engaging Iran without pre-conditions. This requires a dramatic change in the tone and language of American diplomacy to “detoxify the atmosphere.”⁵ As Dennis Ross explained, the policy “is designed to concentrate the minds of the Iranian leaders on what they

³Trita Parsi, *Single Roll Of The Dice: Obama’s Diplomacy with Iran* (New Haven: Yale University Press, 2012), 6.

⁴Ibid., 55.

⁵Ibid.

stand to lose without humiliating them.”⁶ By the end of his first term in office President Obama’s ‘Dual Track’ approach had been thwarted by the 2009 Iranian elections crisis. However the election of President Hassan Rouhani in June 2013 has raised hopes for the first time that both sides are simultaneously interested in improving relations. President Obama’s ‘Dual Track’ approach finally delivered an interim agreement on November 23, 2013: although it is only valid for six months. The six months is intended to give both sides the time and the confidence to prepare a more enduring agreement on Iranian nuclear enrichment, nuclear inspections and reciprocal reductions in sanctions against Iran. However the six months may equally give Israel, KSA and influential lobby groups such as the American Israel Public Affairs Committee (AIPAC) time to persuade Congress to vote for further sanctions that would derail the diplomacy. No matter how the many interested parties act over the next six months, it will take a significantly greater amount of time for both the U.S. and Iran to successfully complete a lasting agreement.

This paper will argue that the United States should employ a broader multi-track approach to the P5+1 Geneva agreement embedded in a regional strategy that has a better understanding of the rapidly changing geopolitical situation in the Middle East. The strategy needs to communicate a credible narrative that sets a path to an enduring balance of power in the region. The narrative should persuade all regional parties including Iran that closer diplomatic and economic ties with Iran are mutually more beneficial for prosperity and stability than continued enmity and isolation of Iran.

In Part One this paper will frame the environment by analyzing the strategic approach of all the actors affected by the Geneva talks in order to gain a better understanding of their national interest, and the strengths and limitations of their strategic ways and means. It will show that American understanding and credibility in the Middle East has declined as Iranian regional

⁶Dennis Ross, “Iran: Assessing US Strategic Options,” *Center for a New American Security*, September 2008.

influence has expanded. It will also highlight that the regional geopolitics are at a crossroads, at which the United States needs to act decisively with all instruments of state power to reassure its regional allies, deter malign activity and spoilers, and incentivize regional stability. Part Two will study the Iranian and American attempts at negotiation since 1979 and identify the relevant lessons for the current negotiations. This includes the importance of mutual respect, the need to exploit the current opportunity of Iranian and International Community interest in talks before they wane, and the importance of reaching out to regional allies and domestic spoilers to overcome institutional enmity. In Part Three, the paper will analyze the opportunities, threats, shortfalls and constraints of the current environment on the Geneva talks. It will highlight the need to seize the current opportunity of a mutual desire for rapprochement, examine the current threat from regional and domestic spoilers, and propose recommendations for the United States to use all instruments of state, but predominantly economic means, to persuade Iran to cease its malign influence in the region and to reassure allies in order to promote regional stability and prosperity.

PART ONE – FRAMING THE ENVIRONMENT OF THE GENEVA TALKS

The success of the Geneva talks to bring greater security and stability to the Middle East will to some extent be determined by the perception of regional actors (including Iran and the United States) that both a reduction in Iranian regional aggression and a growth in Iranian economic power is in their national interest. Part One will therefore examine the national interests of all the key Middle East actors, and evaluate the relative strengths and weaknesses of their ways and means to achieve their strategic goals in the region. It will also assess the potential impact of the Geneva talks on the regional status quo with Iran and identify where the United States could improve its approach to Iran and the Middle East.

Iran

Since 1979, the gulf of mutual misunderstanding between Iran and the U.S. has widened. Thirty-four years of U.S. containment has isolated Iran politically, economically and militarily, while Iranian hubris has estranged it further both diplomatically and socially. This affects Obama's strategic approach to Iran in two ways. Firstly, American understanding of Iran has atrophied: it has moved on little since the eighties and failed to fully appreciate the political and social changes that have happened in Iran since the nineties. Secondly, Iranian enmity of the United States has become institutionalized to such an extent that Iranians will be slow to perceive the logic or national benefit of a rapprochement with America. At the strategic level, Iranian decision-making is opaque and unpredictable, yet its national interests are clear and it has successfully revised its foreign policy since the revolutionary terrorism employed in the 1980s. Despite this, many policy makers in the West still view the Islamic Republic through the lens of the 1979 Revolution, missing the fact that Iran's influence across the Middle East is growing as that of the United States wanes.

Iranian National Interest

Iranian strategic ends are met by three clear themes that define its national interest: regime survival, homeland security and recognition as a regional power. The three ends may appear distinct by Western minds, but "Iran's threat perception blurs internal and external concerns,"⁷ so that Western containment of Iranian regional influence is not only perceived as an external threat, but also as an existential threat to regime survival. Iran's history of revolution in the 20th century makes its current leadership wary of the threat to regime survival. The greatest

⁷Frederic Wehrey et al., *Dangerous But Not Omnipotent: Exploring The Reach And Limitations Of Iranian Power In The Middle East* (Santa Monica: Rand Corporation, 2009), 15.

domestic threat is perceived to be from the 49 per cent of the population⁸ who are non-Persian minorities living near the borders.⁹ Iranian leaders are fearful of separatist intentions being exploited by foreign powers to bring about regime change. With or without justification, Iran has accused foreign powers of supporting the Party for Free Life of Kurdistan, Jundallah (an AQ affiliated organization in Sistan va Baluchestan), and Mujahidin-e Khalq;¹⁰ just as Saddam Hussein tried to incite the Khuzestan Arabs to revolt during the Iran-Iraq war.¹¹

Iranian fear for regime survival is fuelled by a long history of foreign intervention and exacerbated by Iran's own use of proxies abroad to achieve political change by subterfuge. Ever since the Royal Navy first passed into the Persian Gulf in 1763, Western nations have meddled in Iran's internal affairs. Between 1821 and 1935, the Royal Navy protected maritime commerce in the Gulf with a naval squadron based on the Persian coast.¹² Russian and British trade concessions and small wars in the 19th century brought foreign control over most of the economy, formally dividing up Persia into spheres of influence in 1907. Occupation by Russia and Britain during the First World War and by USSR, Britain and the United States during the Second World War humiliated the government. The Soviet support to the communist 'Tudeh' party and British support to the southern tribes was used to ferment opposition to the Tehran central government.

⁸Wehry et al., 16.

⁹"Sunni Turkmen in the northeast; Sunni Baluch in the southeast; Turkic Qashqai and Arab tribesmen in the southwest; Lur-speaking tribesmen in the west; Kurds in the northwest; and Azeri Turks in the north-northwest." Philip Carl Salzman, "Regime Change Iranian Style," the Middle East Strategy at Harvard blog, entry posted July 28, 2008. https://blogs.law.harvard.edu/mesh/2008/07/regime_change_iranian_style/ (accessed January 30, 2014).

¹⁰Mujahidin-e Khalq (MeK) is a left wing party that opposed the Shah, but fell out with Ayatollah Khomeini after the 1979 revolution. During the Iran-Iraq war it fought for Saddam Hussein from Iraq. It was disarmed by the United States following the U.S. invasion of Iraq in 2003.

¹¹Robert Baer, *The Devil We Know: Dealing With The New Iranian Superpower* (New York: Broadway Books, 2009), 245.

¹²The Royal Navy Gulf Squadron was based in Qishm Island (1821-63 and 1869-1911), then Henjam Island (1911-35), before moving to Bahrain in 1935. James Onley, "British Informal Empire In The Gulf 1821-1971," *Journal of Social Affairs* vol 22, no. 87 (Fall 2005).

Iran is most fearful of the threat of American attempts at regime change. The 1953 CIA conspiracy to depose Iran's first elected prime minister, Mohammed Mossadegh, is often cited as justification for Iranian fears, but it is the open debate of the merits of regime change in the American media and politics since 1979 that continues to reinforce Iranian fears. Iran is suspicious of the US handling of Mujahidin-e Khalq (MeK): an Iranian opposition party that was disarmed by the U.S. in Iraq in 2003, but removed from the list of terrorist organizations by the U.S. State Department on September 28, 2012. The appearance of Abdulmalik Riga, leader of the Baluch separatist organization Jundullah, on Voice of America on April 2, 2007 further stoked Iranian fears of American conspiracy to support regime change.¹³ Whilst leadership fears of American conspiracy to incite regime change appear genuine, the threat itself has also been exploited by the Islamic Republic to cynically cultivate Iranian "public paranoia [and] to bolster their sagging legitimacy."¹⁴

As a nation state, Iran has a rational national interest in its homeland security and the threat from its neighboring states. Ever since Shah Ismail I converted Persia from Sunni to Shia Islam in the early 15th century, Iran has suffered Sunni encirclement. Iran feels vulnerable to Sunni hostility from a nuclear Pakistan; from the Taliban and *takfiri* extremism¹⁵ in Afghanistan; and historically from a Sunni dominated Iraq. Even after the Taliban were deposed, Iran struggled to accommodate over one million refugees that fled from Afghanistan and still remain in Iran. Following Saddam Hussein's invasion of the Iranian oilfields in Khuzestan in 1980, Iran fought a long and bloody war for eight years against Iraq, in which it suffered one to two million

¹³Wehry et al., 15. Abdulmalik Riga was subsequently captured by the Iranians on February 23, 2010 and executed on June 20, 2010.

¹⁴Wehry et al., 7.

¹⁵A *takfiri* is literally a Muslim who accuses another of apostasy. It is generally used to refer to the Sunni Muslims, usually from Salafist groups, who view the world in black and white and desire to create a Caliphate in strict and literal interpretation of the Koran. *Takfiri* inspired terrorism in Afghanistan and Pakistan has used suicide tactics to indiscriminately kill men, women and children.

casualties.¹⁶ Iran is concerned about instability in Iraq that could lead to another refugee crisis and the potential creation of a new haven for Sunni attacks into Iran. Iran is foremost concerned about an American invasion.¹⁷ Having fought the Iraqi Army for eight years at huge cost and for little return, Iran was awed to see the United States run the Taliban out of Afghanistan in 2001 and decisively defeat the Iraqi Army in a matter of weeks in 2003. The Islamic Republic is also in no doubt that the United States has the will to use military force against Iran. On October 19, 1987, the United States destroyed two Iranian oil platforms being used by the IRGC in the Rostram oil field in retaliation for the Iranian silkworm attack three days earlier on the MV *Sea Isle City*, a reflagged Kuwaiti oil tanker at anchor off Kuwait.¹⁸ On April 18, 1988, the United States launched Operation Praying Mantis in response to the Iranian mining of the USS *Samuel B. Roberts* on April 14, 1988. U.S. forces destroyed oil platforms in the Sirri and Sassan oilfields, sank three fast-attack boats, the missile boat *Joshan* and the frigate *Sabalan* in Iranian territorial waters.¹⁹ Sadly, three months later, the USS *Vincennes* mistakenly shot down Iran Air Flight 655 over the Straits of Hormuz on July 3, 1988, whilst on route from Bandar Abbas to Dubai. All 290 civilians on board died.²⁰ Viewed as an accident in the West, some Iranians still perceive this as a deliberate act of terrorism by the United States to undermine the Islamic regime.

Whilst Iran has a predictable national interest in its homeland security, its threat perception tends to be very dualistic. As regional expert Kenneth Pollack writes, “Khomeini

¹⁶Baer, 68.

¹⁷ Ibid., 70.

¹⁸David Crist, *The Twilight War: The Secret History Of America's Thirty-Year Conflict With Iran* (Penguin Press: New York, 2012), 311.

¹⁹Ibid., 343-356.

²⁰Ibid., 368.

himself saw the world as a Manichean²¹ struggle between good and evil, with Iran standing as the champion of good and the United States as the champion of everything evil.”²² This distinct perspective tends to color Iran’s worldview, so that the United States is perceived as not only as an external and an internal threat to the Islamic Republic, but also as the antithesis to regional stability in the Middle East.

The rationale for Iran’s quest for regional power is widely misunderstood in the West. Uniting all elements of the population is an Iranian sense of injustice at Western hegemony in the Middle East and U.S. containment of Iran. Iran’s intrinsic attributes alone “entitle it to a greater role in the region.”²³ Iran is a nation state with 3,000 years experience of connecting commerce and diplomacy with Asia, and a longer record of practicing democracy than any other country in the Middle East less Turkey.²⁴ In contrast to Turkey, Israel and KSA, Iran is politically independent from the West, and therefore is an impartial broker in the Middle East. Logically, if the United States is the cause of such unrest in the Middle East, Iran should provide regional stability. Yet the world supports U.S. containment of Iran with sanctions against its nuclear activity at the same time as ignoring Israeli nuclear armament and forgetting UNSCR 242 that calls for Israeli withdrawal to its pre-1967 borders. There is a peculiarly Iranian logic to its sense of injustice and its national interest in gaining recognition as a regional power.

Ironically, it has been the actions of the United States, rather than any intrinsic growth in Iranian capability that has given Iran newfound confidence in its regional influence. By overthrowing the Taliban in Afghanistan and destroying the Sunni Ba’ath Party regime in Iraq,

²¹After the Persian prophet Mani (216-276 CE), founder of Manichaeism, an ancient religion espousing a doctrine of struggle between good and evil.

²²Kenneth Pollack, *Which Path To Persia? Options For A New American Strategy Towards Iran* (Washington, DC: The Saban Centre Analysis Paper No. 20, June 2009), 3.

²³Wehry et al., 14.

²⁴Ibid.

the United States defeated Tehran's two greatest threats.²⁵ Iran's greater influence in Iraq and the disappearance of the Iraq buffer state has amplified Iranian influence in the Arabian Peninsula. Iranian popular confidence in its country's role in the region has further been buoyed by the perception that "U.S. credibility, moral standing, and maneuverability in the region are at an all time low."²⁶

The other driver behind Iranian national interest in regional power is a popular nationalist belief in its 'manifest destiny'. Robert Baer writes, "scratch away the veneer of Islam, and what you find in an Iranian is old-fashioned nationalism – a deep, abiding defiance of colonialism. Keep scratching away and what you find at the bottom of Iran's soul is a newfound taste for empire."²⁷ In a similar vein to the European quest for Empire and the U.S. sense of manifest destiny in the 19th century, "a great many Iranians believe that their nation should, by nature or divine right, hold some form of dominion."²⁸

Iranian strategic ends – its national interests – are unambiguous and predictable. Regime survival, homeland security and recognition as a regional power are common to most Western nations and motivated by similar drivers: national security, democracy, nationalism and a sense of destiny. However the logic behind them and their inter-relationship are shaped by a very different worldview: a view molded by Persia's long history and influenced by Iran's isolation since 1979. It is a logic that perceives American intervention in the Middle East as usurping Iran's own role in the region, and as a threat to its own regime survival.

²⁵Wehry et al., 12.

²⁶Ibid.

²⁷Baer, 4.

²⁸Pollack, 3; Wehry et al., 11; Baer, 247.

Iranian Strategic Ways

Both Reformist and Conservative leaders in Iran have used four principal strategic ways to pursue the national interests outlined above: support to non-state Islamist groups (proxies), use of ‘soft power’ that centers on an appeal to Arab opinion in the Middle East, deterrence and diplomatic engagement.²⁹ Compared to American use of soft power in the region, Iranian methods have been successful at spreading Iranian influence, asserting Iran’s role in the region and denying U.S. and Israeli attempts to isolate Iran regionally. The United States still tends to see Iranian foreign policy as the action of Khomeini’s revolutionary Iran, but since his death in 1989 Iran’s revolutionary zeal has been replaced with a pragmatic *realpolitik* and opportunism in foreign affairs.³⁰ U.S. strategists need to appreciate that time is on Iran’s side in the Geneva talks, as Iranian regional power projection is growing, albeit slowly. There is also an opportunity for American strategists to learn from Iranian success, and design a broader U.S. policy that employs similar strategic ways that resonate in the region in order to undermine and usurp Iranian success in the region.

Iranian use of proxies should not be confused with the ways used by Saudi Arabia to support fundamentalist Sunni groups, as the two achieve fundamentally different outcomes. Conscious of internal and regional aversion to any perception of ‘colonialism’, Iran seeks to gain control and influence abroad without invasion, by developing dependency from the proxies it supports.³¹ It exploits the chaos of Islamic fundamentalism that is sweeping across the region, by offering deniable military assistance, financial support and social services to gain influence.³² Unlike the revolutionary zeal of the eighties, current Iranian foreign policy supports groups across

²⁹Wehry et al., 31.

³⁰Ibid., 9.

³¹Baer, 117.

³²Baer, 4. Wehry et al., 126.

the religious and ethnic divide. This *realpolitik* approach has been used to support Christian Armenia against Muslim Azerbaijan during Nagorno-Karabakh conflict, and in supporting the Sunni Kurds in northern Iraq.³³ Its defining character is the strategic patience Iran employs to gain influence without upsetting their proxies' nationalist fervor. Iran's successful use of proxies is attractive because it overcomes Iranian conventional weaknesses and provides both regional influence and an indirect deterrent effect by driving a wedge between the U.S., the secular Sunni governments in the region and the Arab people.³⁴ Iranian use of proxies has been hugely successful: nowhere more so than the notable "victories in Lebanon in 2000 and 2006 that have become Iran's paradigm for expansion."³⁵

The Lebanon paradigm for Iranian power projection through proxies confounds accusations of Iranian suzerainty in Lebanon, exploits Lebanese nationalism and inspires populist support across the Middle East for taking action against Israeli oppression of the Palestinians. It is a potent tool for driving a wedge between Sunni rulers in the Middle East and their Arab population.³⁶ Lebanese Hezbollah's military campaign turned the tide on Israeli military superiority, by exposing them to accusations of terrorism by drawing Israeli fire onto civilians.³⁷ By 2000, Israeli occupation of southern Lebanon had become an election issue and Prime Minister Ehud Barak withdrew Israeli forces unilaterally from Lebanon. The 2006 war between Hezbollah and Israel was seen in the Arab world as an Hezbollah victory. Iran had succeeded in its aim of driving Israel and the West out of Lebanon by providing advanced weaponry, money

³³Baer, 114.

³⁴Wehry et al., 11, 37, 126.

³⁵Baer, 86-87.

³⁶Ibid., 37.

³⁷For example on April 18, 1996, a Hezbollah rocket attack led to Israeli counter-battery fire that killed 106 and injured a further 116 civilians in a UNIFL compound in Qana.

and support to the right people in the chaos that was Lebanon.³⁸ It was not only the West and Israel that were driven out of Lebanon. As Hezbollah's strength grew, Syria bowed to Iranian persuasion to cut links with KSA. The success of Iran's use of Hezbollah to project Iranian influence in the Middle East has given the Islamic Republic confidence that the old Sunni political order in the Arabian Peninsula is crumbling. With unusual candor, Ayatollah Khamenei is alleged to have told Iran's National Security Council in October 2000, "Lebanon is Iran's greatest foreign policy success. We will repeat it across *Dar al-Islam* [the Islamic world] until all Islam is liberated."³⁹

Iranian success with using proxies in Lebanon to achieve strategic ends, is being repeated in Iraq. Iran learnt a lesson in 1982 that it could not defeat Iraq militarily. Having posed a threat on its western border for so long, it is essential for Iranian national security that it is able to influence any future regime in Iraq. Iran therefore supported a broad range of militant groups in Iraq. In the political chaos that Ryan Crocker called the "Lebanization of Iraq,"⁴⁰ Iran exploits its experience of managing chaos in Lebanon to bully, entice, and persuade warring factions that it is in their best interest to follow Tehran's direction: often waiting for local groups to fail and come to Iran for support.⁴¹ Once dependency is established, control of finance, arms and influence is used to gain leverage to shape future governance and economic development in Iraq.⁴² Iran has the strategic patience to believe that U.S. containment of Iran – like the U.S. entanglement in Iraq – will be too expensive to maintain: thus forcing the U.S. to deal with Iran on an equal basis.⁴³

³⁸Baer, 74.

³⁹Ibid., 55.

⁴⁰Baer, 22. Pauline H. Baker, *From Failed State To Civil War: The Lebanization Of Iraq 2003-2006* (Washington, DC: The Fund for Peace, April 24, 2006).

⁴¹Baer, 88.

⁴²Ibid., 93.

⁴³Ibid., 50.

At the centre of Iran's use of 'soft power' is a new outreach to the Arab population in the Middle East. Under the Shah, Iran and Israel had seen themselves as a natural counterweight to the military might of Iraq and its Sunni allies, a status quo that remained unchanged throughout the eighties.⁴⁴ Iraq's overwhelming defeat by the United States and the demise of the USSR in 1991 changed the geopolitical situation in the Middle East. As political commentator Trita Parsi explains, "the new realities in the region had realigned Iran's [revolutionary] ideological goals with its strategic interests [regional power], causing Tehran to turn its anti-Israel rhetoric into policy."⁴⁵ With its signature opportunism, Iran is attacking the Arab Achilles' heel – the Palestinian Peace Process - in order to drive a wedge between the Sunni rulers and their population⁴⁶. Exploiting the absence of democracy, the wealth gap and the failure of the Arab world to resolve the Palestinian crisis, Iran has embarked on an influence campaign of speaking over the heads of the Arab regimes and being "more Arab than the Arabs."⁴⁷ The message is simple: the Sunni elite are unelected, have selfishly exploited their wealth in un-Islamic ways, are lackeys to U.S. imperialism and have done nothing to advance the wellbeing of the Palestinian people in Israel.⁴⁸ Iranian influence has been assisted by the demise of Arab nationalism, the failure of political Islam, and the difficulty the Arab governments have in refuting the Iranian narrative. The Iranian narrative to the 'Arab street' has a broad appeal in the region, as it plays to Arab nationalism and anti-colonialism from above the chaos of the Sunni-Shia sectarian divide, uniting Arab Shia on the Gulf rim with the Arab Sunnis in the Arabian Peninsula against Arab inaction in support of the Palestinians. U.S. engagement with Arab and Iranian leaders should

⁴⁴Israel continued to supply Iran with arms after 1979, despite a US ban, because Iran was preventing Iraq focussing its vast military power on Israel. Parsi, *Single Roll of the Dice*, 20.

⁴⁵Parsi, *Single Roll of the Dice*, 24.

⁴⁶Ibid., 24-25.

⁴⁷Jerrold D. Green et al., *Understanding Iran* (Santa Monica: Rand Corporation, 2009), 33.

⁴⁸Wehry et al., 35.

therefore be mindful of the impact of Iranian penetration of the ‘Arab street’ and its impact on the “calculus of Arab regimes.”⁴⁹ This is especially relevant as both Iran and the Arab leaders failed to anticipate the Arab Spring of 2011.

Exploitation of the Palestinian conflict is the centerpiece of the Iranian outreach to the ‘Arab street’. HAMAS was formed in 1987 with Saudi money in Gaza, but when Israel expelled 415 members of HAMAS into Lebanon in 1992, Iran seized the opportunity to nurture HAMAS dependency on Iranian support. In supporting Hezbollah and HAMAS to demonstrate greater success in advancing the Palestinian cause, Iran has reached out directly to the ‘Arab street’ with charismatic, grassroots appeal, and exposed Arab government weakness and deference to the United States.⁵⁰ Former Iranian President Ahmadinejad’s rhetoric to “annihilate the Zionist regime” and relocate the Israeli nation in Europe, and his Holocaust denial at the 2005 Organization of the Islamic Conference (OIC) summit in Mecca have been brazen acts of brinkmanship to upstage Arab leaders rather than threaten Israel itself.⁵¹ Iranian success can be seen in the HAMAS leader, Khaled Meshal’s statement on December 15, 2005 that any Israeli attack on Iran will incur sharp retaliation by HAMAS. U.S. strategy to reduce the threat of Iranian aggression should therefore appreciate Iranian rhetoric against Israel for what it is, but also engage with Israel to ensure that it does not elicit the Israeli reaction that Iran seeks.

However, Iranian outreach to the ‘Arab street’ has not been completely successful. President Ahmadinejad’s rhetoric may have raised spirits on the streets, but it has also questioned Iranian legitimacy and responsibility as a nation state among the international community. Even inside Iran, the victimization of Arab leaders has been questioned, causing the Islamic Republic to re-engage with Arab leaders. Influence on the ‘Arab street’ is also not the same as control, as

⁴⁹Green et al., xv.

⁵⁰Wehry et al., 151. Green et al., xiv.

⁵¹Green et al., 34.

“Arab street opinion remains fickle.”⁵² Many Arabs can identify with the message, but few wish to be governed or manipulated by the Iranian state. The Iranian Arab news channel, *Al Aram*, is neither perceived as popular nor as reliable as *Al Jazeera*; and worsening sectarian violence in Iraq is increasingly being blamed on Iran, now that the United States has withdrawn.⁵³ The fact that three Shia organizations in the Gulf with affiliations with Iran have changed their names⁵⁴ to avoid association with Iran and Iranian control, demonstrates Iran’s reduced credibility in the region. Other observers have gone so far as to say that Iranian outreach to the Arab street “can be viewed not as proof of Iran’s influence in the ‘Arab street,’ but, rather, just the opposite: an effort to overcompensate for its fundamental isolation from the rest of the region.”⁵⁵ The United States should be aware that Arab distrust of Iran does not equate to support for U.S. policies in the Middle East, as “opinion polls frequently show that Iran and the United States are viewed with equal suspicion.”⁵⁶

An emerging element of Iranian ‘soft power’ is the pursuit of a vision to exploit Iran’s vast gas and oil reserves and its location in the region. In a drive to counter-balance the current U.S. hegemony in the Gulf, Iran is trying to develop markets for its oil and gas across Asia. It also seeks to exercise greater control over the flow of energy through three strategic energy corridors: oil and gas through the Straits of Hormuz, gas from Central Asia and Iran through Kurdistan to Turkey and Europe, and oil and gas from Central Asia South to the Gulf of Oman.⁵⁷ Tehran is already pushing for membership of the Shanghai Cooperation Council (SCC) and has

⁵²Ibid., 35.

⁵³Wehry et al., 84.

⁵⁴IFLB in Bahrain became Islamic Action Society; OIR became the Shiite Reform Movement; and in May 2007, SCIRI changed its name to ISCI – Islamic Supreme Council of Iraq. Wehry et al., 10.

⁵⁵Green et al., 34.

⁵⁶Ibid., xv.

⁵⁷Baer, 137.

India and Turkey as major clients for its oil and gas.⁵⁸ However long term underinvestment in Iran's gas and oil infrastructure due to sanctions, and the effect of sanctions on its export of energy is currently inhibiting this option for soft power projection. KSA is currently the 'swing producer' in OPEC. If Iran can export its own oil, and more importantly gain control and influence over Iraqi oil production, it will be able to leverage considerable global influence with a pivotal hold on oil prices. The U.S. should therefore finely tune its use of economic sanctions to provide sufficient economic relief to be attractive, yet avoid empowering Iran to exercise control over global energy resources.

Iranian strategic communications have made very effective use of a victimhood narrative.⁵⁹ Framing its narrative that Iran is the victim of aggressive American hegemony, Iran has legitimized its military build up of offensive weapons and its assertive power projection in the region as defensive. This is partly explained by the history of Western intervention in Iran, as "in Khamenei's worldview, the U.S. sees Iran's strategic location and energy resources as too valuable to be controlled by an independent-minded Islamic government."⁶⁰ However, Iran has also used the victimhood narrative to define clearly offensive acts as defensive, such as the mining of international shipping channels in the Gulf during the 'Tanker War' of 1987-8. When the tanker MV *Bridgeton* struck what later proved to be an Iranian mine on July 24, 1987, Iranian Prime Minister Hussein Musavi blamed the action on the "invisible hands [of God]" and hoped that it would put a stop to the U.S. creating tension in the region.⁶¹ More recently, Iran has been successful in framing the Syrian civil war as the defensive act of a sovereign government against

⁵⁸Wehry et al., 13.

⁵⁹David E. Thaler et al., *Mullahs, Guards, And Bonyads: An Exploration Of Iranian Leadership Dynamics* (Santa Monica: Rand Corporation, 2009), 96.

⁶⁰Jerrold D. Green et al., 90.

⁶¹Adam Tarock, *The Superpowers' Involvement In The Iran-Iraq War* (Nova Science Publishers Inc: New York, 1998), 147. Crist, 247.

AQ-backed terrorism. The Iranian narrative is so well entrenched within the Middle East, that any American strategy for the Middle East must first seek to re-balance the perception of victimhood, to legitimize American activity in the Gulf.

Deterrence is the bedrock of Iranian political and military strategy. Conscious of their conventional military weakness relative to the United States, Iran has focused its deterrence on mitigating its military inferiority and exploiting U.S. vulnerabilities. The December 1998 issue of Iran's 'Journal of Defense Policy' defined deterrence as follows: "Deterrence has a psychological impact on the enemy and prevents him from planning an assault or starting a war. This kind of threat should have a clear message and convey the menace of suffering or inflicting damage."⁶² The clear deduction from Iranian deterrence is that Iran will use asymmetric tactics and its geography to impose unsustainable casualties on a U.S. attack. This is complemented by its policy of forward defense, in which Iran plans to deter Arab nations from hosting U.S. military strikes with the threat of ballistic missiles, terrorist attack by proxy regional forces, and civil unrest from outreach to the Arab street. Additionally, Iranian use of asymmetric maritime tactics in the Straits of Hormuz aims to stop the flow of hydrocarbons out of the Gulf and impose a global economic cost for attacking Iran. However Iranian deterrence has a significant vulnerability: its reliance on the willpower of its people to support the attrition required to defeat a superpower.⁶³ Iran needs to sustain a martyr culture in order to impose the unsustainable casualties on any American aggression; however, this in turn is reliant on the credibility and legitimacy of its victimhood narrative. Therefore Iran must maintain the specter of the United States posing an unjust, existential threat to its population, in order to pose the threat of asymmetry to deter external attack.

⁶²Abu Mohammad Ashgar Khan, "A Look At Theories Of Deterrence, Disarmament And Arms Control," *Journal of Defense Policy*, (Tehran: December 20, 1998), 9–48.

⁶³Wehry et al., 33.

For Iran, nuclear power and weapons are highly effective tools to support its national interests, but their possession is not a strategic end in itself. Iran has been developing a civilian nuclear capability since the 1950s and signed the nuclear Non-Proliferation Treaty (NPT) in July 1968. After the 1979 revolution, Ayatollah Khomeini disbanded the clandestine nuclear weapons program as he considered it un-Islamic.⁶⁴ Nuclear development recommenced in the 1990s, so that by September 2011, Iran and Russia jointly opened the Bushehr nuclear power plant. Iran is also keen to exploit its own uranium mines and enrich uranium for use in further nuclear power plants and for medical isotopes. The Islamic Republic uses its development of nuclear power as a political tool for both internal and external audiences. Nuclear power is projected as a sign of prestige, independence and national resilience. Under Article IV of the NPT, Iran has an “inalienable right ... to develop research, production and use of nuclear energy for peaceful purposes without discrimination.”⁶⁵ Through the possession of nuclear power, Iran hopes that it will be taken seriously as a first world developed nation.⁶⁶ The legitimacy of Iranian enrichment for civilian nuclear means is universally accepted in Iran. To many countries outside the West, Iran is the victim of double standards. While Israel, North Korea, Pakistan and India appear to go unpunished for developing nuclear weapons, Iran is singularly being punished for conducting enrichment authorized under the NPT. If Iran were to unambiguously pursue nuclear power for purely peaceful purposes, it would not only enjoy the prestige and support of most of the international community, it would also marginalize Israeli calls for a stricter zero enrichment policy against Iran. The difficulty will be in convincing regional states that civilian nuclear power can never be converted into nuclear weapons.

⁶⁴Tim Lister, “Iran’s Nuclear Programme: The Riddle, The Enigma And The Mystery”, *CNN*, Mar 8, 2012.

⁶⁵Anoushiravan Ehteshami and Mahjoob Zweiri, *Iran And The Rise Of Its Neoconservatives* (London: Tauris & Co Ltd, 2007), 125-6.

⁶⁶Zweiri, 128.

Iran is currently pursuing both nuclear energy and weapons. Whilst the pursuit of peaceful nuclear energy is a potent tool for power projection and influence, the brinkmanship of its secret nuclear weapons program is a liability that can only be a useful in the short term. The International Atomic Energy Agency (IAEA) has been investigating Iranian non-compliance with the NPT since the National Council for Resistance of Iran (NCRI) first publicly identified an undeclared uranium enrichment facility at Natanz in August 2002. In 2007, the United States National Intelligence Estimate warned that Iran was likely to acquire the capability to manufacture nuclear weapons at some point in the next decade.⁶⁷ There are significant divisions among Iran's leaders over the utility of its nuclear weapons program. Theoretically, nuclear weapons should provide regional security, global leverage and deterrence. To many of the war generation in the IRGC, the lack of a nuclear weapon forced Iran to seek a compromise peace in the Iran-Iraq war. With neighbors such as Sunni Pakistan and Israel in possession of nuclear weapons, Iran can justify its nuclear program as a need to counter these threats to their homeland security.⁶⁸ Most importantly, the threat in itself that Iran might have nuclear weapons is also a useful tool to gain leverage in regional diplomacy and to deter American aggression against Iran.⁶⁹ However, Iran's Supreme Leader has issued a fatwa against the development and use of nuclear weapons, and Ali Larijani has stated "repeatedly and frankly we have announced that in Iran's national security doctrine there is no room for atomic and chemical weapons as we consider them against Islamic laws."⁷⁰ As journalist Robert Baer argues, why does Iran need nuclear weapons, when it has an effective asymmetric deterrent, regionally acclaimed proxy

⁶⁷Pollack, 1.

⁶⁸Zweiri, 127.

⁶⁹Zweiri, 128.

⁷⁰Ali Larijani "no room for WMDs in Iran's national security doctrine says Larijani" IRNA distributed by united press international, February 11, 2007.

forces and “an invincible anti-colonial message?”⁷¹ The ambiguity of whether Iran has nuclear weapons or is close to ‘break out’⁷² may provide deterrence without incurring IAEA sanctions, but it is a double-edged sword. Saddam Hussein relied on similar ambiguity over weapons of mass destruction, and unwittingly invited American action against Iraq. In the short term, hard negotiation of Iranian nuclear weapons development is a useful tool to bring international focus on the Israeli nuclear weapons arsenal. However in the longer term, continued pursuit of nuclear weapons is merely an expensive exercise in diplomatic brinkmanship, that can only lead to greater international support for U.S. and Israeli containment of Iran. The Geneva talks will clearly need to convince the Iranian leadership of the dangers and disadvantages of its nuclear weapons’ brinkmanship.

The final string to Iran’s strategic bow is diplomatic engagement with the international community and its regional neighbors. Engagement has the potential for Iran to achieve its strategic ends with the least cost, but opinion on its use is fiercely divided among Iran’s political leadership. Although the Islamic Republic has employed diplomatic engagement in the past, it has either been only for tactical gain or mistimed and consequently unsuccessful. The principal obstacle to its use has been that external engagement has internal consequences that destabilize Iran’s domestic stability. The bottom line is that genuine strategic outreach to the United States compromises Iran’s regional and domestic narrative of victimhood and American hegemony. Political hatred of America is so much a part of the identity of the Islamic Republic, that meaningful engagement is difficult without compromising the government’s credibility. On the other hand, many within the regime believe that whilst Iran is an indispensable and influential

⁷¹Baer, 111.

⁷²Nuclear ‘break-out’ occurs when a country has enriched sufficient radioactive material to manufacture a nuclear weapon. This is typically achieved when Uranium (U-238) is enriched above 85% U-235.

regional power, it should not be a regional hegemon.⁷³ There is a growing realization that the eight years of President Ahmadinejad's belligerent engagement gave legitimacy to the crippling sanctions that Iran is suffering. In 2004, President Rouhani said: "we have to be realistic. One day ties will have to be re-established. Our skill – I would say our artistry – will be to choose the right moment."⁷⁴ Although there is near unanimous distrust of the United States within Iran, the timing is now right for Iranian diplomatic engagement with the United States. If engagement can demonstrate credible trust and mutual respect, the consequent ending of sanctions and flow of investment into Iran will fuel economic growth that would deliver the security and regional influence that Iran ultimately seeks.

Iran is pragmatic, opportunistic and assertive in the strategic ways it pursues its national interests.⁷⁵ Iran learnt from its mistakes in the 1980s, and now uses proxies, outreach to the Arab population, deterrence and engagement in a rational campaign to usurp American power projection in the Middle East.⁷⁶ It has hijacked the cause of Palestinian justice to undermine Sunni leaders that rely on American security,⁷⁷ and leverage support from the 'Arab street'. Whereas the Sunni leaders cannot influence the *takfiri* extremist militants they support, Iran has learnt to exploit chaos and influence its proxies across the Middle East. In the short term, Iran mitigates its conventional weakness with asymmetric deterrence, but in the longer term it aspires to wear the United States down and supplant it as a regional power through control of the global flow of hydrocarbons. Whilst Iran has the strategic patience, it has three key

⁷³Wehry et al., 155.

⁷⁴Hassan Rouhani interview, *Le Figaro*, January 17, 2004.

⁷⁵Wehry et al., 38.

⁷⁶Baer, 125.

⁷⁷Zweiri, 116. Baer, 155.

vulnerabilities.⁷⁸ Firstly, the credibility of the Iranian victimhood narrative on which Iran is reliant for external security, is vulnerable to an internal narrative of growing Iranian strength in the region. Secondly, sanctions are hindering exploitation of its own energy resources. Thirdly, being able to influence Arab opinion is not the same as control: Arab opinion is fickle, and Arab nationalism may impair Iranian aspirations to control Iraqi oil.

Iran Strategic Means

Iran's strategic means are its Achilles heel, more for the complexity of their structure and their factionalism than for any inherent weakness of each component. "The Iranian political system is one of the most complex, Byzantine, fragmented, and opaque on earth,"⁷⁹ which makes Iran seemingly unpredictable to Western policy makers.⁸⁰ Although there is consensus on Iran's strategic ends of regime survival, homeland security and Iran's right to regional recognition, there is considerable disagreement on the best way to achieve them.⁸¹ The economy and foreign affairs are often misused by all factions as tools in an impenetrable struggle for power, patronage and popular support. Whilst Iran's isolation has shielded its people from the effects of a trivialized foreign policy, it is the government's inability to effectively husband the economy that is its greatest weakness.

Decision-making in Iran is "closed, secretive, informal, and clannish,"⁸² which makes it difficult for Western policy-makers to predict the actions and responses of the Iranian government. The Western media tries to label Iran's means of governance as theocratic or 'islamofascist', but in truth it is like no other. It is simultaneously democratic and totalitarian, and

⁷⁸Baer, 52.

⁷⁹Pollack, 12.

⁸⁰Zweiri, p.i.

⁸¹Baer, 128.

⁸²Green et al., 6.

its decision-making is opaque and unpredictable. The President, Parliament (Majles)⁸³ and Assembly of Experts⁸⁴ are democratically elected, while the Supreme Leader, Guardian Council⁸⁵ and Cabinet are appointed. However, “a parallel government is seen to co-exist at the same time as [this] visible government, acting as a source of adjudication to preserve the unique Iranian Islamic republic.”⁸⁶ Under the 1979 constitution, Supreme Leader Grand Ayatollah Khomeini instituted ‘*velayat-e faqih*’ – literally the rule of the jurisprudent. Although the visible government (President and Parliament) is democratically elected, all candidates and decisions by the government have to be approved by a parallel government of religious clerics and advisors. Thus, while the June 2013 election of President Rouhani was seen to be democratic, “it remains among the most controlled and opaque of any Iranian election to date.”⁸⁷ There is also the powerful Expediency Council, which operates almost as a shadow cabinet for the Supreme Leader, and is one of many non-state actors that assume the role of the state. All discussions by this parallel government are secretive, unrecorded and hence opaque.

Although the Supreme Leader, Sayyed Ali Khameni, is Iran’s most powerful figure, he exercises power “more like a twelfth-century pope than an American president . . . ruling by a consensus obscure even to insiders.”⁸⁸ Constitutionally, he is chief of the three branches of government (the judiciary, the legislature, and the executive) and Commander-in-Chief of the Armed Forces. He also inherited from his predecessor, Ayatollah Khomeini, significant powers of

⁸³The Islamic Consultative Assembly of Iran or Majles is a Parliament of 290 representatives democratically elected every 4 years.

⁸⁴The Assembly of Experts is a deliberate body of 88 Mujtahids (Shia theologians) democratically elected every 8 years. They meet every 6 months and elect the Supreme Leader.

⁸⁵The Guardian Council replaced the Senate or Upper Chamber after the 1979 Revolution. It is a body of 6 Jurists and 6 Clerics, elected by the Majles.

⁸⁶Zweiri, 77.

⁸⁷Ali M Ansari, *A Fragile Opportunity: The 2013 Iranian Election And Its Consequences* (London: RUSI Briefing Paper, October 2013), 3.

⁸⁸Baer, 127.

oversight and appointment. What is often overlooked in the West, are Khameni's own amendments to the power and politics of the Islamic Republic. As a Saudi Shia cleric observed, "when Ayatollah Khomeini died, his idea of *velayat-e faqih* died."⁸⁹ Iran's revolutionary idealism of the eighties has been replaced with caution, realpolitik and almost obsessive micro-management exercised by the Supreme Leader. Khameni's politics are shaped by four interconnected themes of justice, Islam, independence, and self-sufficiency.⁹⁰ Rather than drafting his own policies, he exercises influence by blocking policies that do not match his political perspective.⁹¹ He has positioned himself above politics, so that he is *primus inter pares* and in a position to balance Iran's political factions and arbitrate between diverse actors and institutions.⁹² In privately shaping a consensus among the ruling elite rather than openly imposing a solution, Khameni can impose adherence to a policy; absolve himself if the policy fails; and use the consensus as "an insurance policy against foreign exploitation of internal differences."⁹³ Understanding Khameni's world view is therefore key to understanding how Iran will react to American foreign policy in the Middle East.

Iranian foreign policy decisions frequently appear illogical, until you understand that they are often merely used as a tool of internal factionalism.⁹⁴ Iranian politicians frequently coalesce

⁸⁹Wehry et al., 10. RAND interview with a leading Saudi Shi'ite cleric, Qatif, KSA March 10, 2007.

⁹⁰Green et al., 88.

⁹¹Ibid., 7.

⁹²Pollack, 14. Baer, 66. Green et al., ix.

⁹³Green et al., 10.

⁹⁴Wehry et al., 22.

and splinter in alliances that stand between the conservative and reformist approaches⁹⁵. In February 1989, Ayatollah Khomeini issued a *fatwa* against Salman Rushdie, partly to sabotage President Rafsanjani's calls for closer ties with the West and also to divert attention from the poor economic situation.⁹⁶ While the Taliban were ruling Afghanistan, Khatemi's Ministry of Foreign Affairs (MFA) was engaging with the Taliban government at the same time as the IRGC Qods Force were backing insurgents against the Taliban.⁹⁷ The result of this factionalism is that foreign policy issues are too often debated to gain the "larger prize of patronage, power and privilege", ignoring the disastrous impact on Iran's international interests.⁹⁸

Iranian decision-making may be difficult to predict, but its electorate is highly likely to be swung by the basic need to revive the economy. Iran's previous attempt at rapprochement with the West in 2003 was lost because it failed to deliver on the need for economic revival.

Mohammed Khatami was elected President in May 1997⁹⁹ with overwhelming support to revive Iran's corruption-ravaged economy.¹⁰⁰ However, after six years of electoral success¹⁰¹, Khatami's reform movement fell victim to unrealistically high expectations of an economic recovery. With the June 2013 election of President Rouhani and a broad base of support for engagement with the

⁹⁵Two different political approaches evolved from Khomeini's Iran. The first is a conservative, 'principalist' or '*jihadi*' approach centred around Ali Khameni that favours patriarchal Islamic governance, self-sufficiency and independence from the outside world. The second is a reformist or '*ijtihadi*' approach centred on Mohammed Khatemi that favours a more liberal democratic Islamic governance, economic openness and international cooperation.

⁹⁶Wehry et al., 28-9.

⁹⁷Ibid.

⁹⁸Wehry et al., 22-3.

⁹⁹Khatami was elected with 69 per cent of the 30 million votes cast. Zweiri, 5.

¹⁰⁰Zweiri, 6. Pollack, 3-4.

¹⁰¹Khatami was re-elected President in 2001, and the Second Khordad Movement dominated the 1999 local and 2000 Majles elections. By the February 2003 local elections, the conservatives had overturned the reformists' lead.

West, there is a danger that the rapprochement will fail again if the West vacillates over measures to revive the Iranian economy.

Khatami's neo-conservative successor, Mahmoud Ahmadinejad, also fell from power through an inability to revive the Iranian economy. President Mahmoud Ahmadinejad won the 2005 Presidential election with the neo-conservative rallying call of economic justice.¹⁰² However Ahmadinejad's idiosyncratic presidency succeeded "in uniting almost every significant political faction in the country against him – including key sections of the hard-line merchant establishment and the Revolutionary Guards."¹⁰³ The 2009 Presidential election irregularities led to over six months of demonstrations by the reformist Green Movement. The overwhelming source of his unpopularity was his mismanagement of the economy, which was intensified by the increased sanctions resulting from his flippant foreign policy.¹⁰⁴

The election of President Rouhani in June 2013 offers a unique chance for genuine rapprochement with the United States, but it is entirely dependent on delivering economic improvement. Although Khameni has placed himself ostensibly above politics, he needed a successful 2013 Presidential election to ensure regime survival. However, he was equally not going to endorse a candidate that would undermine his authority as Khatami had done. Taking 52 per cent of the votes cast with a 72 per cent turnout,¹⁰⁵ Rouhani has delivered the legitimate electoral success that Khameni sought. Fostering a new alliance between Rafsanjani's centrists and Khatami's reformists, Rouhani has united the wider bureaucracy, students, activists and even

¹⁰²Zweiri, xv, 45.

¹⁰³Ahmadinejad and the neoconservatives had an economic strategy that focused on social justice against corruption and welfare of the *mostazafin umma* (the oppressed poor) through state intervention. Ansari, 3.

¹⁰⁴Ansari, 3.

¹⁰⁵Ansari, 2.

the intellectuals into arguably the widest political base that any Iranian President has enjoyed.¹⁰⁶ Although this bodes well for a rapprochement between the United States and Iran, it must be remembered that Khameni will censor any deal that threatens Iran's three basic national interests of regime survival, homeland security and recognition of Iran as a regional power. Finally, it was the dire state of the economy that forged Rouhani's victory, so the economy will remain his priority: if rapprochement with the United States fails to revitalize the Iranian economy, he will suffer the same fate as the previous two Presidents, and Iranian isolation will be even more entrenched.

Iran's nuclear capability has been elevated to a symbol of national power that has different meanings to different political factions and bureaucratic interests. The nuclear negotiations are therefore not a simple bilateral discussion between the Islamic Republic and the P5+1, but also a multi-lateral discourse within Iran. The neo-conservatives portray Iran's nuclear program as having the same symbolic resonance as Mossadegh's nationalization of the Iranian oil industry in 1951: incorporating the same "nationalist themes of modernity, sovereignty, self-sufficiency, and non-submission to Western control."¹⁰⁷ The IRGC are the real power behind the neo-conservative movement. Damaged by Ahmadinejad's fall from favor with the Supreme Leader, they are hedging that Rouhani's negotiations with the P5+1 will fail and have already tabled a law in the *Majles* to enrich uranium to 60 per cent.¹⁰⁸ The more pragmatic and reformist factions see civilian nuclear power and enrichment as essential for self-sufficiency, but disagree that nuclear weapons and high-level enrichment are worth the continued isolation and crippling sanctions. The strongest supporters for nuclear power and weapons are the IRGC and Iran's

¹⁰⁶*Avoiding Miscalculation And Preparing For Conflict*, 10.

¹⁰⁷Green et al., xiv.

¹⁰⁸Hafezi, "Iranian MPs Propose Bill To Enrich Uranium Up To 60 Percent," *Reuters*, December 25, 2013.

Atomic Energy Organization (AEO). The AEO controls technical development, while the IRGC control security for all nuclear installations, and command and control of ballistic missiles and any nuclear weapons. For the IRGC, possession of nuclear weapons would give it unassailable power within the Islamic Republic and a cast-iron deterrence against Israeli attack and indisputable regional clout. It and the neo-conservatives will seek any opportunity to spoil any Iranian agreement that gives up nuclear weapons. On the other hand, the Supreme Leader and many clerics see nuclear weapons as un-islamic and a liability that warrants unnecessary international interest. The reformists believe that nuclear weapons may be a worthwhile sacrifice to attract foreign investment and revitalize the economy: especially as a thriving Iranian economy will give Iran sufficient legitimate power to become a regional hegemon. U.S. negotiations focusing on nuclear weapons and weapon-grade enrichment are far more realistic than negotiations seeking zero enrichment. If the more ambitious goal of zero enrichment is pursued, it will simply unite all factions of Iranian politics against negotiation and rapprochement.

Iran spends only 1.8 per cent of GDP on defense compared to Saudi Arabia's 8.9 per cent.¹⁰⁹ Iran has focused its military spending since the end of the Iran-Iraq war pre-dominantly on building up military means that attack U.S. and GCC nations' strategic vulnerabilities. Iran has invested its money in unconventional forward defense in the Gulf and the GCC countries. This comprises ballistic missiles to inflict significant civilian casualties in the GCC countries and Israel, IRGC-QF and proxy terrorist attacks against the GCC nations and Israel, influence and outreach to the Arab population to undermine the legitimacy of any attack on Iran and the use of specific maritime capabilities¹¹⁰ to threaten the flow of oil and gas out of the Gulf, thus forcing an

¹⁰⁹Stockholm International Peace Research Institute, 2013 Yearbook. Defense spending in 2012: Iran = \$6.3bn (1.8% GDP), KSA = \$56.7bn (8.9% GDP), USA = \$682.5bn (4.4% GDP).

¹¹⁰Specifically the use of sea mines, submarines, anti-ship cruise missiles and fast-attack boats using swarming tactics. Wehry et al., 32.

unacceptable rise in global oil prices. Any United States Middle East strategy that seeks to reassure and protect GCC nations from Iranian aggression must credibly counter Iran's forward defense strategy and narrative, if it is to be valued by the GCC nations.

The economy is Iran's key vulnerability, the cause of both Khatami and Ahmadinejad's downfall, and the issue that has forced Iran to negotiate with the international community. Iran has the world's second largest reserves of gas¹¹¹, the fourth largest reserves of oil¹¹² and a well-educated, disproportionately young population (75 per cent under 25). It has the potential to exercise significant global economic power, yet its economy is 'morbidly inefficient'¹¹³ with 24 per cent youth unemployment¹¹⁴ and an official inflation rate of 38.4 per cent.¹¹⁵ The economy is held back in five areas. The first is its dependence on oil revenue, which impairs the development of a balanced, multi-sector economy "because of the surfeit of a scarce resource (oil) that commands large rents from the rest of the world and impedes development of other sectors of the economy" – the so called "Dutch disease."¹¹⁶ The dependence on oil makes Iran vulnerable to fluctuations in oil prices. The second area is corruption. Transparency International's corruptions perceptions index places Iran in the top 20 per cent of most corrupt countries in the world.¹¹⁷

¹¹¹Second largest gas reserves after Russia with 1046 trillion cubic feet of gas reserves, although BP disputes US CIA and OPEC figures for Russia and claims that Iran has the world's largest supply of gas. See: http://en.apa.az/xeber_bp_iran_ranks_first_for_gas_reserves__t_194696.html (accessed March 3, 2014).

¹¹²Fourth largest oil reserves after Venezuela, Saudi Arabia and Canada with 157.3 billion barrels. See OPEC: http://www.opec.org/opec_web/en/data_graphs/330.htm (accessed March 3, 2014).

¹¹³Baer, 143.

¹¹⁴Najmeh Bozorgmehr, "Iran President Vows To Tackle Inflation And Unemployment," *Financial Times*, December 8, 2013.

¹¹⁵For the 12 month period up to January 20, 2014. Source Tehran Times, see: <http://tehrantimes.com/economy-and-business/113860-irans-inflation-rate-down-09-hits-384-central-bank-accessed-April-14-2014>.

¹¹⁶Green et al., xii.

¹¹⁷Transparency International gave Iran a score of 25 out of 100 (100=most transparent) in 2013, placing it 144th out of 177 countries. See <http://www.transparency.org/country#IRN> accessed February 17, 2014).

Corruption in government contracts makes the large state sector immensely inefficient, but it is the parallel ‘informal economy’, which is separate to the \$500 billion official economy, that distorts the economy more. It is a large portfolio of land, property and businesses that is managed by the business elite for the old conservatives from the office of the Supreme Leader.¹¹⁸ The third area is excessive political interference in the economy. Bureaucratically slow decision-making in Iran’s command driven economy is inefficient in itself, but the Islamic Republic uses the economy politically to deter dissent. President Ahmadinajad misused the Oil Stabilization Fund to fund populist policies.¹¹⁹ The fourth area is the lack of foreign investment, which is preventing the efficient and more complex extraction of oil, the creation of an indigenous refining capability and development of other sectors of the economy. In 1974, Iran was producing six million barrels of oil a day, but lack of infrastructure development since 1979 has halved that figure. Foreign investment has been deterred by flip-flopping economic policies, doubts over the security of investments and the fifth source of economic instability – international sanctions. The latest round of international sanctions coordinated by the United States in 2010-12 have halved Iranian oil sales from two million barrels a day to just over one. The net effect of latest oil and financial sector sanctions have crippled Iranian trade in all sectors and caused a currency crisis in 2012, when the Iranian Rial devalued by 80 per cent. The neo-conservative approach to these problems is to radically change the economy into a ‘Chinese model’ of state sponsored growth enabled by exploiting emerging markets in Asia rather than the West. This approach seeks to circumvent sanctions by making them irrelevant. The reformist approach is to attract Western investment and use rapprochement with the West to remove the sanctions. Both factions seek to expand Iranian

¹¹⁸Zweiri, 76.

¹¹⁹Richard Dalton, *Iran: Breaking The Nuclear Deadlock* (Chatham House: London, 2008), 13.

control of global energy by controlling oil production in Iran and southern Iraq.¹²⁰ Although both reformists and neo-conservatives have tried to reform the economy, it will never reach its full potential while the Iranian elite misuse the economy as a tool for gaining greater power.¹²¹ For the current attempt at rapprochement between Iran and the West to be enduring, any easing of international sanctions must deliver the economic improvement that has eluded both Khatami and Ahmadinejad.

Iran's strategic means are the principal vulnerability in its strategy as, beset by factionalism, it is not a unitary actor. Despite the Supreme Leader's institutional oversight of Iranian politics, he cannot control inflation. Despite the IRGC's omnipresent empire, it cannot control the electorate. Despite President Rouhani's broad based popular support within Iran, he needs international support to deliver the economic success that the population has sought for so long. Importantly, Iranian vulnerability lies in the fissures between its political and military factions. Ironically the competition between the *Artesh* and the IRGC that was institutionalized to protect internal security weakens Iranian defense against external threats. Simply demonizing the IRGC or the Supreme Leader will only unite all factions against an external threat. Unyielding support for nuclear weapons is the fissure between the neo-conservatives and Rouhani's government: Western insistence on zero enrichment will unite all factions against rapprochement, whereas constraining international focus to nuclear weapons and weapon's grade enrichment will discredit neo-conservative spoiling of international negotiations. An enduring rapprochement with Iran is ultimately dependent on a revival of the Iranian economy: any vacillation in Western action on sanctions and foreign investment will force Rouhani to seek more bi-lateral solutions in Asia.

¹²⁰Baer, 50.

¹²¹Green et al., 24.

Iran Summary

Robert Baer quotes an Iranian who observed that ‘it is not the veil that blinds the Iranians, it is the veil that blinds the Americans.’¹²² Iran’s opaque political system and 30 years of isolation make it difficult for the West to predict and interpret Iran’s seemingly illogical decision-making. Although Iran has a very different worldview, its decision-making is rational. Driven by a sense of insecurity, injustice and manifest destiny, there is a consensus across Iranian politics for three clear strategic ends of regime survival, homeland security and regional power. There is significant disagreement within Iran regarding its employment of four tried, tested and effective strategic ways of using proxy forces, soft power, deterrence and engagement to secure its goals across the Middle East. Iranian confidence has been bolstered by American war weariness and loss of regional credibility in the Middle East; the success of its support for Hezbollah and HAMAS and its victimhood narrative in influencing the ‘Arab street’; and the effectiveness of its unconventional and asymmetric capabilities in deterring U.S. and GCC aggression. Although the West is cognizant of the Iranian tendency to exploit attrition and strategic patience in any conflict, it often confuses Iranian strategic ends and ways, such as Iranian exploitation of the Israel-Palestine issue to leverage Arab support. Iranian weakness lies in its strategic means, principally the fissures between its political and military factions and in its morbid economy.

Gulf Cooperation Council Nations

Although most of the Gulf Cooperation Council (GCC) states are less than 100 years old, regional tensions are centuries old, dating back to the Arab conquest of Iran in the 7th century AD.¹²³ However Arab fear of Iranian hegemony cannot be translated into a unified GCC block akin to NATO, due to the divergent views and significant distrust between the GCC nations.

¹²²Baer, 16.

¹²³Joshi and Stephens, 3.

Fearful of both Iranian and Saudi regional power, the GCC nations have historically outsourced their security to the United States. However, the recent ambiguity of American Middle East policy has forced them to explore options in the event of U.S. regional disengagement. To many GCC governments, the outcome of the Syrian civil war and the balance of power in the Levant will determine whether the Sunni regional order, historically supported by the U.S., will survive. This next section will look at GCC strategic ends, ways and means in order to identify how it might shape United States regional strategy in the Middle East.

GCC National Interest

The GCC nations have subtly divergent national interests united in their requirement for an enduring U.S. presence in the Gulf to balance against Iranian and Saudi hegemony. The Kingdom of Saudi Arabia's primary national interest lies in the preservation of the Al Saud rule in KSA and their custodianship of the holy sites of Mecca and Medina. More broadly, KSA has a national interest in expanding its regional influence and protecting its influence within OPEC as a swing producer of oil. Both KSA and the other GCC nations share a national interest in regional stability that is essential to the wealth creation that preserves internal stability in their autocratic states. All the GCC nations compete for regional influence over the Arab and wider Sunni populations; some such as Qatar, UAE and Oman have a specific national interest in balancing KSA's regional power, so that Gulf stability cannot be threatened by a single regional hegemon – be it Iran or KSA.

GCC Strategic Ways

The United States tends to view the GCC nations as a unified Arab block to balance Iranian influence in the Gulf. The simple truth is that, even if the United States were to unilaterally withdraw from the Gulf, there would be no genuine unity among the GCC states. There are two reasons for this: firstly, the GCC nations are afraid of Saudi dominance and are

therefore unwilling to share sovereignty.¹²⁴ Secondly, there is no uniform perspective on how to deal with Iran.¹²⁵ KSA, Kuwait and Bahrain seek to contain Iran regionally. Qatar is keen to engage Iran with regard to the Gulf and has negotiated mutual interests in the large South Pars and North Dome gas fields. However it is vigorously fighting a proxy war against Iranian influence in Syria and the Levant. Oman is linked to Iran by centuries of trade and joint responsibility for the Straits of Hormuz.¹²⁶ Sultan Qaboos also feels he owes a debt to Iran for their assistance in the Dhofar insurgency 1970-1977. He sees his country as a unique interlocutor between Iran and the United States, demonstrated by Oman's hosting of secret U.S.-Iranian talks in 2013. Oman is therefore very resistant to any further integration of GCC security, threatening to leave the GCC in December 2013, if this were to happen.¹²⁷ There are even divergent opinions within the United Arab Emirates (UAE). Dubai, Ras al-Khaimah and Umm al-Quwain oppose strengthening the GCC's joint military capability, and support closer engagement with Iran in order to act as an intermediary between Iran and KSA. This is reflected in the fact that the UAE is Iran's biggest trading partner.¹²⁸ Meanwhile Abu Dhabi and Sharjah are more aligned with Saudi's perspective, driven in part by Abu Dhabi's claim to the Tunb and Abu Musa islands in the Gulf.¹²⁹ The GCC nations therefore cannot be treated as a unified block.

It is a paradox that the lynchpin of GCC security against Iran – U.S. security support – is simultaneously seen as a liability. For centuries, the Arab population around the Gulf has been

¹²⁴Joshi and Stephens, v.

¹²⁵*Ibid.*, 27.

¹²⁶Joshi and Stephens, 37.

¹²⁷Abbas Al-Lawati, "Analysis: Oman Steers The Agenda Before GCC Summit," *Gulf News*, December 8, 2013.

¹²⁸Frederic Wehrey, Theodore W. Karasik, Alireza Nader, Jeremy Ghez, Lydia Hansell, Robert A. Guffey, *Saudi-Iranian Relations Since The Fall Of Saddam* (RAND: Santa Monica: RAND Corporation, 2009), 58.

¹²⁹When the UK withdrew its forces from East of Suez in 1971, Iran exploited the recent independence of the Trucial states by occupying the islands of Greater Tunb, Lesser Tunb and Abu Musa.

reliant on foreign powers for protection against Iran. The British Royal Navy policed the Gulf until their withdrawal from East of Suez in 1971, when *Pax Americana* replaced *Pax Britannica* and the U.S. Fifth Fleet replaced the Royal Navy Gulf Squadron in Bahrain. The GCC nations face the dilemma that, while they need U.S. security to deter Iranian hegemony, their own domestic and regional influence is discredited by compliance with the United States. Their collaboration with America is seen as inconsistent with Arab popular support for the Palestinian cause – a key tool in Iran’s outreach to drive a wedge between the Arab population and their rulers. The US faces a unique dilemma, as explained by Senator John Kerry in 2009: “Qatar cannot continue to be an American ally on Monday that sends money to HAMAS on Tuesday.”¹³⁰ This delicate but vital balance explains why all GCC nations are upset with the current ambiguity of U.S. Middle East strategy. The GCC nations are concerned that U.S. reticence in Syria and the lack of dialogue regarding the November 2013 agreement may imply an imminent withdrawal of the U.S. from the Middle East or unreliability in its role as guarantor of GCC security against Iran.¹³¹

Whilst the GCC governments are dependent on U.S. military protection, they are perplexingly ambivalent over the use of U.S. military strikes against Iran. For deterrence to be effective, the threat of successful military action must be credible. This is why Iranian defense strategy is trying to persuade the GCC countries that it is not in their interests to host or support an attack on Iran. Yet the GCC posture is the opposite: they consistently underestimate their own military strength and exaggerate the Iranian threat. Qatar and Oman have explicitly stated that no attacks on Iran will be launched from their territory.¹³² Meanwhile KSA, Bahrain and UAE have

¹³⁰Christopher M Blanchard, “Qatar: Background and U.S. Relations,” Congressional Research Service Report, June 6, 2012. www.fas.org/sgp/crs/mideast/RL31718.pdf (accessed November 20, 2013).

¹³¹*Avoiding Miscalculation And Preparing For Conflict*, 4. Joshi and Stephens, 11.

¹³²Joshi and Stephens, 29.

tacitly pushed the U.S. to use force against Iran;¹³³ with King Abdullah exhorting U.S. diplomats to “cut the head off the snake”.¹³⁴ Many in the GCC therefore favor a strike against Iran, as long as it does not threaten retaliation against them nor threaten commerce and stability in the Gulf.¹³⁵ This outlook explains why the GCC nations discretely go to great lengths to avoid direct confrontation with Iran in the Gulf, but are openly attacking Iranian influence in proxy wars in the Levant.

The United States has supported the Sunni political order in the Middle East for the past 40 years. However, President Obama’s support for change during the Arab Spring in 2011, his ‘re-balance to the Pacific’ and the West’s reticence to intervene in Syria have raised doubts in the minds of the GCC leaders for the first time over the reliability of U.S. support. On the face of it, it is perplexing why American policy supports the Sunni order in the Middle East. The Sunni autocracies and their sponsorship of nihilistic *takfiri* terrorist groups are an anathema to American values. Aside from the humanitarian and cultural disaster that has already occurred in Syria, a geopolitical shock will hit the Levant and reverberate across the Middle East when the civil war culminates. Syria has already fractured along both religious and nationalist lines.¹³⁶ All Arab countries to a varying degree are engaged in a proxy conflict to prevent the creation of a Shia crescent of Iranian influence across the Levant from Iran to the Lebanon.¹³⁷ Notably Qatar and KSA are vying for influence within the Sunni community in Syria. When the war culminates, international borders within Syria may have to be re-drawn for the first time since the 1917

¹³³Parsi, *Single Roll Of The Dice*, 18.

¹³⁴Ross Colvin, “Cut Off Head Of Snake Saudis Told US On Iran,” *Reuters*, November 29, 2010. <http://uk.reuters.com/article/2010/11/29/us-wikileaks-iran-saudis-idUSTRE6AS02B20101129> (accessed April 17, 2013).

¹³⁵Joshi and Stephens, 30.

¹³⁶*Avoiding Miscalculation And Preparing For Conflict*, 7.

¹³⁷Joshi and Stephens, 32.

Sykes-Picot agreement. It could open up a geopolitical Pandora's box across the Middle East as nationalist groups such as the Kurds could seek to establish a geographic identity, and countries like Turkey, Iran and Iraq will try to preserve the status quo or influence the result in their favor. It is therefore unsurprising that the GCC states found it difficult to understand why the U.S. intervened in Libya, but refused to intervene in Syria.¹³⁸ Over the recent period of turmoil across the Middle East, Iran has dramatically expanded its influence by backing success in Lebanon, Iraq and Yemen. The GCC nations, both individually and collectively, desperately need success in Syria and the wider Levant in order to preserve the current Sunni order in the Middle East.¹³⁹

As political turmoil in the Middle East worsens, the Arab countries have turned to manipulation of the Sunni-Shia sectarian divide to deny Iran further regional influence. GCC governments have been sensitive to Iranian penetration of the Arab-Israeli conflict that has driven a wedge between them and their population: as King Abdullah warned Iran's Foreign Minister, Manouchehr Mottaki in March 2009, "you as Persians have no business meddling in Arab matters."¹⁴⁰ Iranian outreach to the 'Arab street' has been successful in influencing the hearts, but not the minds of the Arab population. The Arab poor can identify more closely with the parsimonious Iranian politicians, their anti-colonial rhetoric and Iranian support for Hezbollah and HAMAS success against Israel.¹⁴¹ However, despite sharing an emotional affinity with Iran, there is little desire among the Arab population to adopt Iranian politics themselves.¹⁴² Western fear of Iranian influence on the Shia 'Arab street' is unfounded.¹⁴³ Iranian success in penetrating

¹³⁸*Avoiding Miscalculation And Preparing For Conflict*, 5.

¹³⁹Joshi and Stephens, 1-2.

¹⁴⁰Parsi, *Single Roll Of The Dice*, 16.

¹⁴¹Wehry et al., 2 and 134. Baer, 153.

¹⁴²Karim Sadjadpour, "How Relevant Is The Iranian Street?" *Washington Quarterly*, Vol 30, No.1 (Winter 2006-7), 151-162.

¹⁴³Wehry et al., 150.

the hearts of the ‘Arab street’ has sometimes proved to be a double-edged sword. After Khamenei’s advisor announced in July 2007 that “the public demand in Bahrain is the reunification of this province with the motherland, Islamic Iran,” Iran realized that Arab politicians could incite reciprocal violence among Iranian minorities.¹⁴⁴ GCC rulers have exploited fears of Shia ambitions, such as King Abdullah of Jordan’s warning of a Shia Crescent in January 2005. KSA has also exploited sectarian fears to increase its influence in Iraq, with the hanging of Saddam Hussein in December 2006 marking a turning point in support for Iran in Iraq.¹⁴⁵ In direct response to the Iranian hijacking of Palestinian justice, the GCC nations have persuaded many that Shia Iranian funding of HAMAS is deliberately provoking a civil war among the Sunni Palestinians.¹⁴⁶ Regional sectarian violence is a symptom of spiraling competition for regional influence between Iran and the Sunni Arab nations and will continue to escalate until a new regional status quo is reached.

At some point in any conflict there is a requirement for opponents to engage and negotiate; the problem is that the GCC nations would prefer America not to negotiate with Iran, so that they can do the negotiations themselves. The GCC nations are reliant on the U.S. to provide a credible military deterrent, but also to be cast as the ‘bad cop’ in Arab negotiations with Iran where they are the moderate intermediaries. During engagement with the United States, the GCC nations adopt an uncompromising line, such as Saudi King Abdullah’s words in March 2010 that Iran is not “a neighbor one wants to see” but a “neighbor one wants to avoid”. Yet the smaller GCC nations are keen to exploit discrete bilateral engagement with Iran. Therefore, while President Bush was trying to build a regional consensus against Iran in 2007-8, Sheikh Muhammad bin Rashid Makhtoum of Dubai flew to Tehran in February 2008 to reassure Iran that

¹⁴⁴Baer, 149.

¹⁴⁵Wehry et al., 135.

¹⁴⁶Ibid., 140.

the UAE would not join a U.S. alliance against Iran.¹⁴⁷ The absence of any dialogue by the U.S. prior to the November 2013 negotiations with Iran is a huge cause of Arab concern.¹⁴⁸ Although the GCC nations do not want to be seen to undermine U.S. diplomacy, there is a feeling of abandonment and a fear that any Iranian-American agreement will be at the expense of Arabs.¹⁴⁹ Therefore, KSA argued in December 2013 that nuclear talks ought to include Gulf states, and be broadened to include questions of regional security.¹⁵⁰ Saudi Arabia is especially pessimistic about U.S.-Iranian negotiations, acknowledging reluctantly that “if there is good will, then this agreement could represent a preliminary step towards a comprehensive solution to the Iranian nuclear programme.”¹⁵¹

GCC Strategic Means

GCC political means are in crisis and likely to worsen. The ‘Arab Spring’ of 2011 has devolved into an ‘Arab Winter’ of counter-revolution and disillusion with change.¹⁵² Not only is the specter of Syrian fragmentation hanging over the Levant, but unrest in Syria, Lebanon, Iraq, Bahrain, Egypt, Israel and Yemen is feeding off each other and surrounding the GCC nations in a circle of instability. Iran has had 3,000 years of history to generate a strong nationalism that holds it together. All the GCC nations and Sunni Pakistan are less than 100 years old, so are increasingly falling back on Islam rather than nationalism to bond its population.¹⁵³ Politically the GCC nations are facing an existential threat as instability and civil war migrates across the region.

¹⁴⁷Baer, 139.

¹⁴⁸Parsi, *Single Roll Of The Dice*, 14.

¹⁴⁹Joshi and Stephens, 18 & 29. Wehry et al., 137.

¹⁵⁰“Saudi Ex-Spy Chief Says Gulf States Must Join Iran Talks,” *AFP*, December 8, 2013.

¹⁵¹Aryn Baker, “Saudi Arabia Considers Nuclear Weapons After Iran’s Geneva Deal: Iran Deal Leads Saudi Arabia To Consider Nuclear Options,” *Time Magazine*, November 26, 2013.

¹⁵²*Avoiding Miscalculation and Preparing for Conflict*, 4.

¹⁵³Baer, 124.

Just as the United States is seeking to reduce its commitment to the Middle East, the GCC countries will increasingly reach out for external support: if the United States is not minded to provide this, then U.S. influence in the region will drop dramatically as the call for help is taken up by other emerging powers.

The GCC military spending does not give an accurate indication of its military means. Despite prodigious military spending, Sunni armies in the Middle East have historically tended to lose wars: Iraq in the 1980s, 1991 and 2003 and the Arab nations against Israel in 1948, 1967, 1973 and 1982.¹⁵⁴ Both KSA and UAE have considerably larger defense spending than Iran, and that spending is set to rise. All GCC nations are heavily investing in conventional military technology that is several generations beyond Iranian capability, and UAE airpower alone can outmatch the Iranian air capability. Nevertheless, the GCC nations are virtually defenseless against Iranian aggression without U.S. support. The dilemma they face is that their only hope against a nuclear Iran, is to purchase nuclear weapons themselves. However, if KSA or any other GCC country purchases nuclear weapons, it will face the loss of U.S. conventional protection.

Despite near self-sufficiency in oil, the United States may be forced to dramatically intervene in the Gulf to stabilize oil prices. With the exception of Bahrain and Oman, all GCC countries are heavily reliant on oil revenue to fund their military spending and subsidies their population. With international sanctions against Iran, KSA is by far the largest exporter of oil in the Gulf and is a 'swing producer' in OPEC. This means they raise or lower daily production to stabilize the price of oil. In the near term, KSA faces the crisis that there will be an oil supply glut at the same time as government spending is close to deficit. In 2014, U.S. shale will add an additional one million barrels per day to global supply for a third year running. Libya and Iraq will start to increase production after near collapse; and Iran may raise production by at least a

¹⁵⁴Baer, 26.

million barrels per day, if sanctions are lifted.¹⁵⁵ This will push OPEC spare capacity up to levels not seen since the financial crisis of 2009. Deutsche Bank estimates are that KSA will have to slash output by a quarter to 7.5 million barrels per day. KSA has just increased its defense budget and has an elephantine welfare bill to placate Shia tension in its Eastern (oil producing) Province. If KSA does not cut production the oil price will drop dramatically, if it cuts production it will reduce revenue.¹⁵⁶ Either way, KSA will lose significant revenue, which it cannot afford to lose. Despite oil self-sufficiency, the United States' high consumption of oil makes its economy vulnerable to large fluctuations in the oil price. United States capability to intervene in the Middle East to stabilize oil prices will need to be maintained for many years to come.

GCC Summary

The GCC nations are disunited in their fear of Iranian hegemony, but rely on U.S. security that is unpopular with their wider population. Unwilling to risk confrontation with Iran on their own territory, the GCC nations are prosecuting a proxy war with Iran in the Levant. The outcome of Sunni-Shia conflict in the Levant will determine the survival of the Sunni order that America has supported for the last 30 years. The GCC nations are concerned that the United States' talks with Iran will facilitate a withdrawal from the Middle East as part of America's rebalance to the Pacific, which will leave them vulnerable to a growing Iranian hegemony. A hegemony they cannot counter with nuclear weapons, as possession will risk the U.S. support they are reliant on.

¹⁵⁵ Ambrose Evans-Pritchard, "Coming 'Oil Glut' May Push Global Economy Into Deflation" *Daily Telegraph*, January 15, 2014.

¹⁵⁶ Ibid.

Israel

Israel is an accidental player in the politics of the Gulf, but its political position and power poses the thorniest problem to the formulation of a Middle East strategy to support U.S.-Iran engagement. Like the GCC nations, Israel is heavily reliant on U.S. support, but enjoys a tighter emotional hold on U.S. domestic politics.

Israeli National Interest

Israel's overarching national interest is in having a regional balance of power in the Middle East that keeps any existential threat against Israel in check. Before the 1991 Gulf War, non-Arab Iran and Israel enjoyed a close relationship through the necessity of denying Ba'athist Iraq the regional hegemony it sought and to protect both countries from Iraqi attack. Throughout the 1980s Yitzhak Rabin and many in Israel considered Iran a natural ally.¹⁵⁷ Despite a U.S. embargo, Ariel Sharon even continued to send arms to Iran in 1982.¹⁵⁸ The comprehensive defeat of Iraq in 1991 and the collapse of the Soviet Union removed Iran's two greatest threats.¹⁵⁹ Iran had no more pragmatic reasons to maintain relations with Israel, so began to exploit the Palestinian conflict with Israel to weaken the Arab states.

Israel's more immediate national interest is to remove the existential threat to the Jewish state – both political and physical – that it perceives is skewing Israeli-Palestinian talks for an enduring peace in the ancient land of Canaan. Dismissing his own rhetoric five years previously, Yitzhak Rabin told the Israeli Knesset of Iran in 1993 that “death is at our doorstep.”¹⁶⁰ Not only did Iran turn its rhetoric on Israel in the 1990s, but after the 1991 Gulf War the United States began to develop a much closer relationship with the Arabs. The U.S. saw Israel as a burden to its

¹⁵⁷Parsi, *Single Roll Of The Dice*, 22.

¹⁵⁸*Ibid.*, 20.

¹⁵⁹*Ibid.*, 23.

¹⁶⁰*Ibid.*, 24.

engagement in the oil-producing Gulf and began to pressure Israel to make peace with the Palestinians. The success of Hezbollah in 2000 and 2006 and HAMAS' dogged violence pose a physical threat to Israel's peaceful existence. Ironically, its political existence is threatened by American determination to conclude the Israeli-Palestinian peace talks almost irrespective of whether the conditions can ensure Israeli security from future threats. It therefore desperately seeks a position of advantage whereby it can impose a solution on the Israeli-Palestinian talks and simultaneously satisfy the American obsession for a deal and the Israeli need for security. Israel therefore sees its own Middle East strategy and by extension U.S. regional strategy as a zero sum game – either Iran loses or Israel loses.

Israeli Strategic Ways

Out of necessity, Israel has developed very effective strategic ways, but their use has only ever delivered temporary or tactical success. Israel has threatened to unilaterally destroy Iranian nuclear capability with a military strike. Israel successfully de-railed the Iraqi nuclear program when it bombed the Osirak reactor in collaboration with the United States in June 1981.¹⁶¹ However, Israeli government opinion is divided on striking Iran: some see a military strike as the only failsafe way, while others are doubtful that Israel can technically destroy a widely dispersed and protected capability, and debate whether it justifies the Iranian retaliation against Israel and the United States. The former Israeli Prime Minister, Ehud Olmert, gave his opinion to *Haaretz* in October 2008: “What we can do with the Palestinians, the Syrians and the Lebanese, we cannot do with the Iranians...Let's be more modest and act within the bounds of our realistic capabilities.”¹⁶²

Conscious of the challenges for an Israeli strike, the government began aggressively lobbying the

¹⁶¹Trita Parsi, *Treacherous Alliance: The Secret Dealings Of Israel, Iran, And The United States* (Yale University Press, 2007), 107. Dan Reiter, "Preventive Attacks Against Nuclear Programs And The 'Success' at Osirak", *Nonproliferation Review* (July 2005). <http://www.diplomatie.gouv.fr/fr/IMG/pdf/Osirak.pdf> (accessed January 14, 2014).

¹⁶²Parsi, *Single Roll Of The Dice*, 28.

United States to conduct the strike itself in Spring 2008. If Israel is left out of the debate on U.S. regional strategy and negotiations with Iran, there is a higher chance of unilateral Israeli action, which may in itself upset create a geopolitical shock across the Middle East.

For the entire 20th century, Israel had an unbroken record of tactical military success against conventional attack by the Arabs nations that surrounded the new Israeli state. Although the Israeli population was heavily reliant on this outstanding capability, the tactical success has never led to the strategic success of an enduring peace with their Arab neighbors. The aura was broken in 2000 and again in 2006, when Lebanese Hezbollah were perceived to have defeated the Israeli Defense Force in Southern Lebanon.¹⁶³ The credibility of the Israeli conventional military deterrent was weakened further during the Gaza War against HAMAS (December 2008 – January 2009). Iran has been instrumental in both these setbacks for Israel. Although this clearly raises Iranian standing and influence on the ‘Arab street’, it also narrows Israel options for securing its boundaries and citizens. Backed into a corner with an increasingly concerned electorate, Israel is now more likely to pursue extreme options and to be less compromising in its stance against Iran.

Ever since the 1973 *Yom Kippur* War, Israel has relied on the ambiguity of its possession of nuclear weapons as a guarantor of last resort and for providing leverage in regional negotiations.¹⁶⁴ Iranian possession or the perception of Iranian possession of a nuclear weapons capability would therefore be a game changer for Israeli regional policy. Israel quietly assesses Iran to be rational and risk averse, so it is less afraid of an Iranian nuclear strike against Israel and more fearful of the diplomatic consequences of nuclear parity.¹⁶⁵ Firstly, a nuclear-armed Iran would draw international focus on Israel’s deliberately ambiguous nuclear capability, leading to a possible suspension of U.S. aid to Israel, as possession would contravene U.S. domestic policy

¹⁶³Baer, 52.

¹⁶⁴“Revealed: The Secrets Of Israel's Nuclear Arsenal”, *Sunday Times*, October 5, 1986.

¹⁶⁵Parsi, *Single Roll Of The Dice*, 26.

and the 1965 Eshkol-Comer Memorandum of Understanding with the United States. Secondly, it would embolden Iran to interfere more prominently across the region and specifically in the Israeli-Palestinian peace negotiations.

Israel has been very successful in persuading the West that Iranian leaders are extremist ‘mad mullahs’ and their decision-making is irrational, despite internal assessment that it is rational and pragmatic.¹⁶⁶ This theme has been used to lobby the United States to pursue a red line of zero enrichment in its nuclear negotiations, with the logic that you cannot entrust lunatics with any nuclear capability. Israel also argues that verification of a nuclear weapons capability in a country with a legitimate civilian nuclear industry is very difficult. It understandably wants to ensure that “Iranian denuclearization will be long-lasting and verifiable,” as a nuclear Iran poses a more immediate threat to Israel than the United States.¹⁶⁷ However, uncompromising adherence to a zero enrichment policy will more than likely spoil any chance of success in U.S. nuclear negotiations with Iran.

Israeli Strategic Means

Israel is strategically dependent on the United States for financial aid (\$3 billion annually)¹⁶⁸, intelligence exchange, military technology exchange, and most importantly for diplomatic support. “We live in a neighborhood in which sometimes dialogue . . . is liable to be interpreted as weakness” Israeli Foreign Minister Tzipi Livni declared to the press in November 2008.¹⁶⁹ Israel rarely uses diplomatic negotiations as a strategic tool, but it is utterly reliant on the United States to generate global support for international sanctions against Iran. Ever since the

¹⁶⁶Parsi, *Treacherous Alliance*, 3.

¹⁶⁷Joshi and Stephens, iv.

¹⁶⁸Ora Cohen and Nadan Friedman, “U.S. Aid To Israel Totals \$233.7b Over Six Decades,” *Haaretz*, March 20, 2013.

¹⁶⁹Parsi, *Single Roll Of The Dice*, 19.

Americans moved closer to the Arab leaders and became obsessed with an Israeli-Palestinian treaty in the 1990s, Israel has become sensitive to U.S. policy changes and negotiations in the region. Both Saudi Arabia and Israel saw the November 2013 interim agreement as a sign of weakness,¹⁷⁰ but Israel sees U.S.-Iran negotiations as “the biggest threat to its strategic relationship with the United States.”¹⁷¹ On the one hand, Israel is fearful that the United States will make concessions to Iran that may temporarily or even permanently remove Iranian nuclear capability, but will also give Iran the political and economic capability to become a regional hegemon and meddle in Israeli affairs. On the other hand, vocal Israeli lobbying against the U.S.-Iran negotiations is perceived by Iran to be an Israeli attempt to push for Iran’s prolonged isolation. This in turn is driving an increased Iranian squeeze on the weakest link, the Palestinian peace process.¹⁷² The United States cannot approach U.S.-Iran negotiations in isolation, as any engagement by the United States with Iran will have an impact on the Israeli-Palestinian talks.

Israel Summary

“I do not want the Israeli-Palestinian negotiations to be held under the shadow of an Iranian nuclear bomb,” stated Ephraim Sneh, the former Israeli Deputy Minister for Defense.¹⁷³ The U.S.-Iran negotiations are inextricably linked with Israeli-Palestinian talks. Therefore the United States will face significant lobbying and spoiler action if it cannot reassure the Israeli population and persuade the Israeli government that the U.S.-Iran talks will not compromise the Israeli-Palestinian talks. The vital ground is to persuade Israel that U.S. Middle East strategy does not have to be a zero sum game – that both Israel and Iran can co-exist and prosper simultaneously in the region. This creates the challenge that for U.S.-Iran rapprochement

¹⁷⁰Joshi and Stephens, v.

¹⁷¹Parsi, *Single Roll Of The Dice*, 24.

¹⁷²Parsi, *Single Roll Of The Dice*, 24.

¹⁷³*Ibid.*, 26.

to be an enduring success, the Iranian population, the GCC leaders and the citizens of Israel must see benefit for them early on in the negotiations.

United States

Former U.S. National Security Advisor, Henry Kissinger gave the following point of view at the Brookings-U.S. CENTCOM conference in September 2013:

. . . when formulating policy it was critical first to assess the status quo, and then to develop a conception of where you might want to go if you decided that the status quo was undesirable or unsustainable. With respect to United States foreign policy regarding the Iranian nuclear program, the ongoing debate on possible United States military intervention in Syria, and United States policy towards Egypt, all were lacking in both a well-defined goal (or desired end-state) and a clearly-articulated strategy.¹⁷⁴

Whilst the United States has a detailed global strategy, there appears to be no clearly defined regional narrative for the Middle East, and consequently there is significant ambiguity in the understanding of U.S. strategic ends in the Middle East. The United States still possesses very powerful and effective ways to pursue its strategy in the Middle East, but its credibility has suffered from President Bush's intervention in Iraq. President Obama's single-minded focus on Iranian nuclear proliferation and the lack of coordination with other regional allies and issues has also discredited American standing in the region. A big obstacle to a breakthrough in U.S.-Iran relations is the apathy of the American executive, legislative and population. With a war-weary population and an executive distracted by domestic issues and the centrality of economic improvement in American strategy, there is little appetite to allocate sufficient time and energy to effectively address the Iran issue. Meanwhile the U.S. Congress is so comfortable with the status quo of ever-increasing containment of a demonized Iran that it is blind to the fact that the regional status quo in the Middle East is undergoing a seismic change and American is in danger of being left on the sidelines.

¹⁷⁴*Avoiding Miscalculation And Preparing For Conflict*, 8.

U.S. National Interest

In the 2010 National Security Strategy (NSS) the U.S. identified four overarching strategic objectives: security of the United States, a strong economy (prosperity), respect for universal values, and international order advanced by U.S. leadership that promotes peace, security and opportunity.¹⁷⁵ In the 2013 draft NSS these objectives were summarized as: “The United States will lead the international order as a nation first among equals to encourage stability, foster economic growth, promote democratic values and protect global strategic interests.”¹⁷⁶ Both documents define the objective to transform “Iranian policy away from its pursuit of nuclear weapons,”¹⁷⁷ and to convince Iran to “meet its international obligations on its nuclear program.”¹⁷⁸ However, the U.S. government has failed to clearly define what constitutes the nuclear program, what is acceptable, what is the threshold and what level of verification is required. This ambiguity, especially regarding the gulf between zero enrichment and a full weapon’s capability is setting the U.S. up for a fall in the ensuing negotiations. The purpose of Iranian non-proliferation is to prevent the risk of terrorist acquisition of a nuclear capability and to deny Iran hegemonic power in the region and specifically in the Israeli-Palestinian talks. The key question that needs to be addressed and agreed among America’s regional allies prior to the next round of negotiations is what level of nuclear knowledge and capability would give Iran regional leverage, and what level of verification would give regional reassurance.

Whilst the American executive is single-mindedly focused on Iranian nuclear proliferation, America’s most important strategic objective is a stable oil price and a secure flow of hydrocarbons out of the Gulf. With or without nuclear weapons, Iran has the capability and the

¹⁷⁵U.S. White House, *National Security Strategy*, May 2010.

¹⁷⁶U.S. White House, *National Security Strategy (Draft)*, 2013.

¹⁷⁷2010 *National Security Strategy*, 24.

¹⁷⁸*Ibid.*, 23.

intent to control the energy corridors through the Middle East. As Robert Baer observes, “. . . the single most important American interest in the Middle East: [is] oil.”¹⁷⁹ Fifty-five per cent of world oil reserves are located in the Middle East,¹⁸⁰ and 20 per cent of world’s oil consumption passes through the Straits of Hormuz (an average of 17 million barrels each day).¹⁸¹ The security of the flow of hydrocarbons therefore has a significant impact on America’s second strategic objective of prosperity. The 2010 NSS recognizes that the economy is the foundation of American power; the American executive should therefore widen the focus of its negotiations with Iran to address the continued stability and security of the hydrocarbon industry and commerce in the Gulf.

The U.S. strategic goals of international order and respect for universal values throw up several contradictions, when applied to the Middle East. Every U.S. administration since Nixon has pursued Arab-Israeli peace because of its potential to escalate into an even greater threat to international order.¹⁸² Yet the United States has no well-defined goal for the civil war in Syria that is fundamentally changing the international order in the Middle East, has killed over 100,000 people¹⁸³ and displaced 2.5 million.¹⁸⁴ The absence of a U.S. policy towards Syria is undermining the faith of America’s allies in American protection of the Sunni order in the region.¹⁸⁵ America has protected the Sunni order in the Gulf for 40 years, yet it is true to say that they share very few American values. There is little strategic logic to *Pax Americana* in the Middle East. None of the

¹⁷⁹Baer, 50.

¹⁸⁰Baer, 104.

¹⁸¹Iran’s Threat to the Strait of Hormuz, Congressional Research Service, January 23, 2012. <http://www.fas.org/sgp/crs/mideast/R42335.pdf> (accessed January 5, 2014).

¹⁸²Pollack, 10.

¹⁸³ “UN To Stop Updating Death Toll In Syria,” *Independent*, February 8, 2014. <http://www.independent.co.uk/news/world/middle-east/un-to-stop-updating-death-toll-in-syria-conflict-9045096.html> (accessed January 14, 2014).

¹⁸⁴<http://syrianrefugees.eu> (accessed April 14, 2014).

¹⁸⁵*Avoiding Miscalculation And Preparing For Conflict*, 9.

Sunni Arab states are as democratic as Iran. KSA is the financial and spiritual source of the *takfiri* extremists, who have employed terrorism to devastating effect against the American homeland, and around the world against U.S. soldiers, civilians the international order that America seeks to protect. U.S. strategic objectives in the Middle East desperately need a clarity of purpose to reassure American allies and help synchronize individual activity across the region.

U.S. Strategic Ways

Containment has been at the core of U.S. policy towards Iran since 1979. It is the preferred strategic tool to prevent Iranian subversion of its neighbors, but it might become increasingly irrelevant as the status quo changes in the Middle East. When containment began in 1979, Iran was ringed by powerful hostile states.¹⁸⁶ Since 2001, thanks largely to the collapse of the USSR and U.S. intervention in Iraq and Afghanistan, Iran has developed a friendly relationship with its immediate neighbors and has significantly increased its influence and outreach across the Middle East in spite of U.S. sanctions and diplomacy. Containment will remain the preferred tool because the U.S. is loath to dramatically alter its Iran policy.

Containment will become increasingly irrelevant for two reasons: Iranian power and influence, and economic necessity. Although states will increasingly turn to counter-balance growing Iranian power, they will also hedge U.S. security with Iranian trade and diplomacy. This is because of U.S. failure in Iraq and the recent rise in apathy towards the region. It also recognizes the reality that, while the U.S. focus has been on Iranian nuclear capability, it has dropped the ball on Iranian advances in its asymmetric military capabilities and outreach across the region.

Secondly, the U.S. will not be able to maintain the unanimous support for sanctions that they

¹⁸⁶Ba'athist Iraq, Soviet Russia, Communist then Taliban Afghanistan, Sunni Pakistan and the Arab GCC nations.

achieved in 2012.¹⁸⁷ The U.S. has persuaded the United Nations to impose six resolutions against Iranian nuclear activity since 2006; in 2012 further sanctions were placed on the Iranian financial sector and oil exports. The sanctions have been extremely effective at bringing Iran to the negotiating table, but at a considerable loss to the U.S. economy. Chinese, Indian and Russian companies exploited clauses in the sanctions agreement to fill the void left by the Western oil companies; the GCC nations continue to trade with Iran, and the Islamic Republic is already developing rich Asian markets for its oil and gas. The United States will need to find an alternative to containment if it is to continue to apply pressure on Iran.

The United States has been very effective in deterring Iranian aggression against its allies in the region. The continued presence of the U.S. Fifth Fleet in Bahrain and its carrier battle group in the Gulf is an expensive but reassuring guardian of GCC sovereignty and the safe flow of hydrocarbons through the Gulf. The most effective U.S. deterrent has been the air and ballistic missile early warning and defense. Often overlooked is the American nuclear deterrent. Whilst Europe was defended against nuclear apocalypse in the Cold War through mutually assured destruction, Israel and the GCC nations are protected from a nuclear equipped Iran by unilaterally assured destruction, due to America's overwhelmingly large nuclear arsenal.¹⁸⁸ As containment becomes less efficient, the U.S. could be more open in exploiting its deterrent effect against Iranian aggression.

Institutionally the United States has lost a lot of confidence in the utility of the military instrument following stalemate in Iraq and Afghanistan. However a distinction must be made between the overreliance on the military in stabilization, and the lead the U.S. still maintains in conventional operations. It was the overwhelmingly quick success of the American military in

¹⁸⁷Wehry et al., 174.

¹⁸⁸Pollack, 11.

defeating the Taliban in 2001 and the Iraqi armed forces in 2003, that persuaded Iran to offer the ‘grand bargain’ in 2002 and 2003. Khamenei is still deeply suspicious of the United States and wary of its military potential.¹⁸⁹ Both Israel and Iran cleverly exploit the ambiguity of their military capabilities.

With U.S. reticence over Syria, continued deadlock in the Israeli-Palestinian talks and closed negotiations with Iran, an American voice needs to be heard soon in the Middle East, before America’s role and influence becomes irrelevant. Soft power is a tool that America could very easily exploit, if it were to target its audiences more effectively. With the exception of President Obama’s *Nowruz* messages to Iran, American strategic communication with the region tends to be in a Western style and language that is alien to the regional audience. An American regional narrative could provide an alternative narrative to Iranian victimhood and legitimize American presence in the Gulf. If Iran does comply with Western non-proliferation aims, America may consider giving aid to Iran to build trust and show a positive interest in the welfare of the Iranian population. There also could be a very different dialogue with the American people: while containing communism in the Cold War meant supporting democracy, containing Iran could be perceived as supporting Arab autocracies and Sunni fundamentalism.¹⁹⁰ If negotiations are successful with Iran, it will mean a very different relationship with essentially the same institution. Soft power is a neglected tool in the Middle East, which could be better exploited to reverse America’s declining influence in the region.

Comprehensive engagement with Iran is specified in the 2010 NSS; it should be the easiest and cheapest strategic tool to employ, but America’s track record with Iran has not been good in the past. There are three important considerations to make. Firstly, there is a requirement

¹⁸⁹Pollack, 14.

¹⁹⁰Wehry et al., 174.

for multi-lateral rather than bi-lateral negotiations. At the same time that the U.S. is engaging directly with Iran, it must also be engaging with its regional allies and its domestic population to reassure and pre-empt spoiling actions. The U.S. needs to keep Bob Gates' promise that "building diplomacy with Iran will not be at the expense of our long-term relationship with Saudi Arabia and other Gulf states that have been our partners and friends for decades."¹⁹¹ Secondly, the U.S. will need to broaden the agenda beyond just Iran's nuclear program. This is essential to prevent negotiations becoming a zero sum game, as the Iranian government must be able to present the outcome of the talks to their domestic audience as a victory for both sides. Finally, the U.S. needs to work out a mechanism to incrementally reduce sanctions to ensure continued negotiations that in time will deliver a more enduring solution that normalizes relations.

U.S. Strategic Means

A big obstacle to a normalization of relations with Iran is American apathy towards the Middle East. Middle East expert Michael Doran has written that "the Eisenhower Doctrine asserted American primacy in the Middle East, and every president since has regarded it a vital American interest to shape the international order of the region. Every president, that is, except the present one."¹⁹² Admittedly, President Obama has always said that U.S. domestic economic recovery was the necessary priority, but his ambiguity, lack of interest and strategic restraint in the Middle East has been perceived by many at home and abroad as "strategic neglect."¹⁹³ A symptom of the lack of any U.S. regional Middle East strategy is that all issues in the region seem to be handled by crisis management. Ultimately the U.S. executive needs to 'fish or cut bait':

¹⁹¹Abdullah Alshayij, "Arab Countries Worry About Improved US-Iran Relations," *Gulf News*, May 11, 2009.

¹⁹²Michael Doran, "Is Obama Like Eisenhower?" *Commentary Magazine* (Winter Speakers Series 2014).

¹⁹³*Ibid.*

there must either be a clearly articulated cross-government strategy to minimize U.S. presence in the Middle East and re-balance resources to the Pacific, or there must be a re-invigorated U.S. regional strategy and narrative, communicated and pursued to revitalize *Pax Americana* in the Middle East.

Apathy in the U.S. executive is matched by equal apathy in the American population. The population is weary after ten years of war in Afghanistan and Iraq. There are long and bitter memories of Iranian transgression, not only of the 1979 Iran hostage crisis¹⁹⁴, but also the Iranian bombing of the U.S. Marine and French barracks in Beirut in 1983, Jewish and Israeli organizations in South America in the 1990s, and the American-occupied Khobar Towers housing complex in Saudi Arabia in 1996. With issues such as the economy and Obamacare closer to home, the American population has even less appetite for seeking rapprochement with a seemingly entrenched foe in a distant land. President Obama's desire to "lead the international order as first among equals" does not come cheap: if America is to remain a responsible global superpower, the executive must persuade the American population of its continued utility.

Meanwhile the U.S. legislative is stuck in a polarized stalemate. The right opposes any meaningful engagement as 'appeasement', while the left fails to understand the utility of other strategic tools in engagement, such as the resort to force.¹⁹⁵ Attempting to resolve these differences is too difficult for two reasons. Firstly, "both sides calculate that they can better advance their own narrow [domestic] interests by retaining the status quo."¹⁹⁶ Similar to the politics in Iran, a complex foreign policy issue has become a tool of domestic factionalism. Secondly, America's lack of access and understanding of Iran since 1979, the complexity of the

¹⁹⁴Between November 4, 1979, and January 20, 1981, fifty-two Americans were held hostage for 444 days in Tehran, after a group of Iranian students supporting the Iranian Revolution took over the US Embassy.

¹⁹⁵Pollack, 8.

¹⁹⁶Parsi, *Single Roll Of The Dice*, 6.

situation and the emotional peculiarity of the issue have made the U.S. Congress more comfortable with the status quo than the unpredictability of pursuing peace.¹⁹⁷ This leaves U.S.-Iran negotiations vulnerable to neo-conservative spoiling, and excludes the reality of a rapidly changing status quo in the Middle East from U.S. political debate.

U.S. Summary

The United States is the only player in the Middle East that has the diplomatic, economic and military clout to deter Iranian malign influence across the region and engage with all states in the Middle East to create a regional stability that fosters prosperity. U.S. National Security Strategy clearly articulates the national interest in security, stability and prosperity, but domestic apathy towards the Middle East and the absence of a convincing regional narrative to reassure America's allies is undermining the credibility of U.S. engagement with Iran.

Part One Summary

Thirty-four years of containment has institutionalized the enmity between the United States and Iran. Iranian nationalism and a sense of its destiny as a regional power and of injustice at Western treatment of Iran coupled with American domestic apathy has created a strong inertia to any U.S.-Iranian rapprochement. American intervention in Iraq, the Arab Spring, sectarian violence in the Levant and the civil war in Syria have turned the geopolitics of the Middle East on its head. With growing success in its use of proxies, regional influence and national resilience, Iranian regional power is waxing as U.S. influence in the Middle East wanes. Ultimately however, the United States is the only regional player that can steer the region to stability. The key to engagement with Iran is their need for an economic recovery. However, neither Iran nor America's regional allies are unitary actors, so the United States will have to engage bi-laterally

¹⁹⁷Green et al., ix. Parsi, *Single Roll Of The Dice*, 6.

with all parties to identify compromises that are beneficial to all. Zero enrichment and validation of Iranian nuclear compliance will need broad and detailed consensus beyond the P5+1. A mechanism to incrementally reduce sanctions at the same time as curbing an Iranian economic hegemony will also require broad international consensus. The severity of the sectarian violence in the Levant, fueled by both Iranian and Arab proxy support is creating instability that will not be assuaged by an agreement on nuclear weapons alone. Many regional states and domestic audiences are unsure whether America has engaged in the Geneva talks to promote long term stability in the region or to facilitate an American rebalance from the Middle East to the Pacific. Regional perception of U.S. engagement with Iran and American strategic communication of its intent and commitment to regional stability will therefore determine whether the Geneva talks will have a only a temporary or a more far-reaching impact on stability and prosperity in the Middle East.

PART TWO – LESSONS FROM PREVIOUS ATTEMPTS AT NEGOTIATION

Ever since the 1980s there have been attempts at engagement by both Iran and the United States through both secret negotiations and open appeals. All attempts to date have failed for three predominant reasons. Firstly, the timing has been wrong for one of the parties, usually on domestic grounds. Secondly, the language has been inappropriate and the expectations unrealistic; making it difficult for one or both parties to establish mutual trust, and sell the negotiations to their own population and allies. Finally, both sides have factions and allies that stand to lose from closer U.S.-Iran relations, and who have been proactive in spoiling the negotiations. The second part of the monograph will therefore examine what lessons can be learnt from the previous failures in U.S.-Iran negotiations.

Getting the Timing Right for Strategic Engagement

For negotiations to work, both sides must have a mutual interest in pursuing the talks. The last thirty years have seen a series of unfortunately mistimed approaches. Despite frosty diplomacy and open confrontation in the 1980s, the Reagan administration kept an open back door through which frantic attempts were made to facilitate the release of American hostages in Lebanon in exchange for desperately needed weaponry for the Iran-Iraq war. Throughout the Iran-Contra affair in the eighties, Secretary of State George Schultz kept the back door open, leading to the eventual release of the hostages in December 1991. Whilst there was a mutual interest, the ‘arms-for-hostages’ negotiations were only ever tactical in nature for both sides. Keen to avoid a similar entanglement with Iran, President Clinton stepped up containment and imposed crippling sanctions on Iran in 1995 and 1996, just prior to the surprise election of the moderate President Khatami in 1997. Although each side sought a strategic breakthrough, both Presidents were cautious of their domestic opposition and were diplomatically naïve. Confidence building measures were exchanged, U.S.-Iran relations warmed, but only ‘kabuki-like courtships’ were ever achieved, as the need for a rapprochement was never pressing enough.¹⁹⁸

Both countries enjoyed their closest relations after the 9-11 attack on New York: Iran offered air bases and intelligence sharing to the United States in late 2001 to help defeat Al Qaeda and drive the Taliban out of Afghanistan. At the Bonn Conference in December 2001, Iran persuaded the Afghan Northern Alliance to back down on its demands to dominate the Afghan ministries, and consequently broke the deadlock at the NATO-led peace conference.¹⁹⁹ However the relationship was only ever tactical for President GW Bush: at his State of the Union address only a month later on January 29, 2002, he included Iran in the “Axis of Evil”, a move that

¹⁹⁸Pollack, 5.

¹⁹⁹The Northern Alliance wanted 18 of the 24 ministries and only backed down after Iranian intervention allowed reduction to 16 of the 24.

significantly undermined President Khatami and the Iranian reformist movement in the eyes of the Supreme Leader and the Iranian population.

President Khatami's 'grand bargain' in May 2003 was an even braver attempt to engage in strategic negotiations with the United States, but President Bush was not interested. The 'grand bargain' was a huge risk for Iran, as it offered all the strategic goals the U.S. sought for very little return (see Table 1 below), but the timing was cruelly misplaced. By the time the Bush administration realized that it needed to engage with Iran, Khatami had gone, to be replaced by the hard line and unyielding neo-conservative President Ahmadinejad. President Obama came to office in 2009 with a mandate to improve U.S.-Iran relations. Yet in October 2009, Obama's initial outreach failed when President Ahmadinejad refused to agree to a P5+1 confidence-building measure to exchange Iranian Low Enriched Uranium for medical isotopes. Although Ahmadinejad subsequently agreed to the measure through Brazilian and Turkish intervention in March 2010, it was too late and President Obama had given in to Congressional pressure for greater sanctions. As David Milliband, the former British Foreign Secretary, observed in 2011: "The bilateral outreach the Americans made fell victim to internal Iranian politics."²⁰⁰ Timing is everything: Ahmadinejad could not agree to a deal in October 2009, as it was at the height of the Green Movement's domestic insurrection against the July 2009 Presidential election results and would have been seen as a sign of weakness domestically. Obama could not back down from imposing greater sanctions in July 2010, because he had already procrastinated on signing Congressional legislation for over a year and had a rare international consensus on sanctions.

²⁰⁰Parsi, *Single Roll Of The Dice*, 150.

Table 1. Iran’s Grand Bargain – the list of Iranian offers and requests prepared by Sadegh Kharrazi (Iranian Ambassador to Paris) and approved by the Supreme Leader Khameni and President Khatami.²⁰¹

Iran’s ‘Grand Bargain’ May 2003	
Iranian Offer to United States	Iranian Reciprocal Request from United States
<ul style="list-style-type: none"> • To cease Iranian support for HAMAS and Islamic Jihad, and to pressure them to cease attacks on Israel. • To support disarmament of Lebanese Hezbollah, and persuade them to reform into a purely political party. • To put the Iranian nuclear program under intrusive IAEA inspections. • To sign the additional protocol to the Nuclear Non-proliferation Treaty. • Full cooperation with the U.S. against all terrorist organizations. • To work with U.S. to form non-sectarian government in Iraq. • To accept the Beirut Declaration of March 2002.²⁰² • To handover AQ prisoners held by Iran to the U.S.. 	<ul style="list-style-type: none"> • To engage in a dialogue of “mutual respect”. • To handover Mujahedin-e Khalq personnel to Iran. • To end all U.S. sanctions. • To respect Iranian national interests in Iraq. • To support Iranian demands for war reparations with Iraq (for the Iran-Iraq war). • To recognize Iran’s right to full access to peaceful nuclear technology. • To recognize Iran’s legitimate security interests in region

Source: Created by author.

²⁰¹The offer was brought to Washington by Tim Guiliman (Swiss Ambassador to Tehran) in May 2003.

²⁰²The Beirut Declaration is a KSA peace plan for collective peace with Israel in return for Israel withdrawal from occupied territories, full Palestinian independence, an equal split of Jerusalem and resolution of Palestinian refugee problem.

Managing Expectations

Another important lesson to learn from U.S.-Iran negotiations is to avoid zero sum thinking and seek a win-win outcome for both sides. In 2003, Iran witnessed the military strength of the United States defeat the Iraqi Army in less than a month, a feat Iran had failed to achieve in eight years of war. With the United States lying in strength on Iran's West and East borders and in the Gulf, the Iranian government put a comprehensive peace proposal on the table in May 2003. The 'grand bargain' addressed all the U.S. issues in return for the cessation of sanctions and the recognition of Iran as a normal sovereign state. Both Secretary of State Colin Powell and his Deputy Richard Armitage favored a positive response; Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld prevented any discussion of it by the U.S. Executive, allegedly stating, "we don't speak to evil."²⁰³ The logic was that the United States was in such a position of power in the Middle East, that it could achieve regime change in Iran, when it chose: why negotiate a compromise, when you have the power to impose regime change? The position of strength evaporated in mid 2003 as the U.S. got embroiled in a messy insurgency in Iraq. Bush failed in 2003 and after 2006 because he confused ways and ends: he pursued a zero sum victory over the Islamic regime rather than the strategic end of an enduring peace. The United States does not have the ways or the means in the 21st century to impose a total victory on Iran (as it had on Germany in 1945). In a limited conflict, success is necessarily limited.

President Obama's 2009 approach made a significant step towards success when he chose to avoid seeking regime change. However President Rouhani will not be able to present the sacrifice of Iran's entire nuclear program in return for sanctions relief as a success to his

²⁰³Gordan Corera, "Iran's Gulf Of Misunderstanding With The U.S.," *BBC News*, September 25, 2006. http://news.bbc.co.uk/2/hi/middle_east/5377914.stm (accessed December 13, 2014). Parsi, *Roll Dice*, 4.

population.²⁰⁴ In moving away from an unrealistic zero sum approach, President Obama has made entering negotiations an option for the Iranians. Selling a successful conclusion to the negotiations to both sides will be dependent on broadening the scope of the negotiations to find sufficient compromises on both sides.

Using the Language of Mutual Respect

After 34 years of isolation, there is a gulf of misunderstanding in language, culture and mutual respect that has impeded previous attempts at engagement. When Iran and the United States have reached out, they have had to speak simultaneously to two audiences – domestic and external; and usually ended up confusing one audience in order to avoid alienating the other or vice versa. In President HW Bush’s inauguration speech in 1989, he reached out to Iran with the words “goodwill begets goodwill”. Two years later, when Iran did pressure Hezbollah to release the American hostages, there was no reciprocal goodwill.²⁰⁵ U.S. Secretary of State Madeleine Albright inflamed U.S. conservatives with her acknowledgement of the American role in the 1953 plot against Iranian Prime Minister Mohammed Mossadegh in a speech in Washington in 2000. However the same speech equally offended the Iranians, as it was too direct and balanced the U.S. admission by exposing the dirty laundry of both sides’ transgressions throughout the 20th century.²⁰⁶ On the other hand, President Obama’s inauguration speech in 2009 used the right language and subtlety to be well received by a surprised hard line Iranian government. “To the Muslim world, we seek a new way forward, based on mutual interest and mutual respect ... we will extend a hand if you are willing to unclench your fist.”²⁰⁷ Mutual respect is a key ingredient

²⁰⁴*Avoiding Miscalculation And Preparing For Conflict*, 11.

²⁰⁵Bryan R. Gibson, “Iran Nuclear Deal Shows Hawks That Diplomacy Actually Works,” *CNN*, November 25, 2013.

²⁰⁶Wehry et al., 164.

²⁰⁷*New York Times*, January 20, 2009.

that Iran has sought in U.S. relations. Trita Parsi describes it: “while from an American point of view the U.S.-Iran conflict is rooted in policy differences and opposing visions of the Middle East, to the Iranians it is very much about discarding an uneven relationship – that between a master and a servant.”²⁰⁸ Obama’s *Nowruz* (Iranian New Year) message to the people of Iran on March 19, 2009 was equally well received, prompting a congratulations letter from President Ahmadinejad. In it, Obama assured Iranians that “the United States wants the Islamic Republic of Iran to take its rightful place in the community of nations.”²⁰⁹ This is an important message because Iran knows it is a powerful nation in the Middle East and wants to be treated as a valued sovereign state, recognition it feels the United States is blocking. While the Obama administration has been breaking down a generation of cultural barriers to negotiations, they have not always been successful. Early briefings of Obama’s policy referred to a ‘carrot and stick’ policy. Although a donkey is the symbol of Obama’s Democrat party, the analogy does not translate well in Iranian culture. Majles speaker, Ali Larijani, denounced it as “savagery” and “cowboy” foreign policy.

Fear of changing the familiar status quo of mutual enmity is another cause of the inertia in U.S.-Iran engagement. ‘Death to America’ is a customary chant at Friday prayers and has shaped Iranian perspective and policy for over 30 years. Iranian Professor at Azad University, Amir Mohebbian, has observed that some Iranians “think the hostility against the U.S. after 30 years is a main element of our identity, and if we solve it we will dissolve ourselves.”²¹⁰ Being a central part of the Islamic Republic’s identity, what impact will U.S. rapprochement have on the government’s legitimacy with its people and its influence across the region? This dilemma

²⁰⁸Parsi, *Single Roll Of The Dice*, 9-10.

²⁰⁹Pollack, 24.

²¹⁰Scott Peterson, “Is Iran Prepared To Undo 30 years Of Anti-Americanism?” *Christian Science Monitor* (February 6, 2009).

explains why Iranian reaction to Obama's outreach in 2009 was similar to the U.S. reaction to President Khatami in 1997. As Ali Ansari observed in 2010, "The Iranians never really knew what to do. They weren't prepared for Obama."²¹¹ Iran has earned a lot of respect in the region for stubbornly standing up to American hegemony in the Middle East: it does not need nuclear weapons, but giving them up will incur significant loss of face. As the Speaker of the Majlis, Ali Larijani, said in 2005, "giving up Iran's right to enrich [uranium] is like giving up a pearl for a sweet!"²¹² Many in America have felt a similar reticence, being more comfortable with the idea of Iran as "a state sponsor of terrorism" than as a "natural ally".²¹³ In 2007 the Bush Administration was unwilling to sacrifice some of its tougher demands in order to secure the greater gain of peace with Iran.²¹⁴ Yet there is some hope that pragmatism will pervade. Iran's 2003 'grand bargain' has shown that Iran will compromise even on support to its regional proxies, if it believes that the Islamic Republic's national interests are better served with rapprochement.²¹⁵ As Aziz Shahmohammadi, a former adviser to Iran's Supreme National Security Council, has stated: "no country should have an eternal enemy, neither we nor the United States."²¹⁶ However, even if both Iran and the United States are able to move away institutionally from the comfort of mutual enmity, America's regional allies may be less charitable. The same fear that drives Israel and the

²¹¹Parsi, *Single Roll Of The Dice*, 42. Ali Ansari is an Iran expert at the University of St Andrews in Scotland.

²¹²*China Daily*, August 16, 2005.

²¹³Salman Shaikh, "On Nuclear Deal, The Hard Work Has Only Just Begun," (Brookings: November 25, 2013).

²¹⁴Pollack, 39.

²¹⁵Wehry et al., 83.

²¹⁶Thomas Erdbrink, "U.S. And Iran Face Common Enemies In Mideast Strife," *New York Times*, January 6, 2014.

GCC nations to seek America's protection against a nuclear Iran may drive a new fear that Iranian regional power will be legitimized with U.S. rapprochement.²¹⁷

Mitigating Regional and Domestic Spoilers

Previous attempts at negotiation have shown that the closer the United States gets to direct talks with Iran, the greater the importance of building a consensus with America's regional allies and the international community. This is important for two reasons; firstly, the greater the likelihood of success, the more worried allies are going to be about the consequences of the agreed solution. Secondly, ambivalent regional and global powers will only support the sanctions necessary to leverage engagement, if the reward offered is large enough to be persuasive. This, in itself, may invite spoiling by adversely affected allies.

President Bush's offer to Iran was supported by Israel and KSA, because the demands were greater than the rewards offered. The Islamic Republic was offered the lifting of the less substantial international sanctions, resumption of trade with Europe and Japan and membership of the World Trade Organization. Meanwhile, President Obama's offer to Tehran is generous enough to succeed. American exclusion of its allies from any discussion of the talks and its reticence in Syria has upset Saudi Arabia. This was demonstrated by KSA's uncharacteristically harsh words about America after the November 2013 agreement and its refusal to accept a seat on the UN Security Council. It felt that President Obama was being played by Tehran and preferred that harsh sanctions were preserved until Iran capitulates.²¹⁸ Conversely European and Asian countries were only willing to support sanctions if they believed that the deal offered to Tehran would succeed.²¹⁹ This paradox explains why President Bush struggled to get sufficient

²¹⁷Joshi and Stephens, 94.

²¹⁸Shaikh. Joshi and Stephens, 12.

²¹⁹Pollack, 27.

international support for effective international sanctions.²²⁰ Not only did President Obama's realistic offer attract international consensus on imposing harsher financial and oil sanctions in 2010, but his broad international popularity pushed Khameni and Ahmadinejad to dialogue, afraid that Obama's global popularity could push through new international sanctions.²²¹

A final lesson from failed attempts at negotiation has been "to take care not to strengthen those who are opposed to engagement."²²² The Iranian conservatives sabotaged President Khatami's attempts at engagement in the late 1990s. President Obama's 2009 approach "was compromised from the outset of his presidency by pressures from Congress, Israel and some of Washington's Arab allies."²²³ In May 2009, the Israeli Prime Minister, Benjamin Netanyahu scheduled a visit to Washington to coincide with an American Israel Public Affairs Committee (AIPAC) meeting, which joined with Republican neo-conservative politicians to pressure Obama to impose greater sanctions before he engaged with the Iranian government. In spite of the November 2013 Agreement in Geneva, neo-conservative members of the U.S. Congress have drafted a Bill to impose more unilateral sanctions on Iran; and neo-conservative members of the *Majles* similarly drafted a wrecking bill in December 2013 to raise uranium enrichment to 60 per cent.²²⁴ The language and content of the U.S.-Iran negotiations are both key to pre-empting spoiling by both Iranian and American neo-conservatives. Any contempt in the tone or language of the negotiations will be used by the neo-conservatives to unite nationalist outcry and generate popular opposition to the talks.²²⁵ The broader the range of topics in the talks, the harder it will be for conservatives to discredit the talks. The IRGC and Iranian neo-conservatives will exploit the

²²⁰Ibid., 23 and 26.

²²¹Ibid., 35.

²²²Ansari, 1.

²²³Parsi, *Single Roll Of The Dice*, ix.

²²⁴Hafezi.

²²⁵Ansari, 11.

current narrow focus on Iran's nuclear program, if America tries to impose a zero enrichment policy. As the Qatari news agency, Al Jazeera has commented, "the greatest obstacle they face is not each other's intransigence but radicals at home."²²⁶

Part Two Summary

The value of hindsight from 30 years of failed negotiations with Iran has highlighted four broad lessons. Firstly, timing is critical. Too often, genuine approaches by one side have been exploited for purely tactical gain by the other, or efforts have been distracted or hijacked by domestic politics. Secondly, expectations must be realistic. Iranian engagement will cease if the United States seeks regime change – implied or explicit; just as a dilution of American support to Israel and the GCC nations is not on the table. Therefore negotiations should seek a win-win solution for all regional parties. Thirdly, Iran places significant importance on the language of mutual respect. Iran has proved willing to reduce its malign activity, but only if it is recognized as a nation state with a legitimate role in the region. This will therefore require the direction of the negotiations to be in bringing Iran into regional politics rather than reinforcing Iran's current isolation. Finally, America's regional allies, domestic opposition in Iran and U.S. and the international community may have reason to spoil the talks unless their interests are served. A broadening of the talks may allow a greater opportunity for all interested parties to perceive and sell the talks as a 'success'.

PART THREE – CURRENT OPPORTUNITIES, THREATS AND RECOMMENDATIONS

President Obama's dual-track policy of pressure and engagement and his graceful change in tone of communicating with Iran have been instrumental in getting Iran to the negotiating table. However the inter-relationship of complex regional issues, the rapidly changing status quo

²²⁶Stephen Kinzer, "Iran And The US Should Offer A Mutual Apology" *Al Jazeera*, November 21, 2013.

in the Middle East and the creeping irrelevance of containment as an option mean that the United States needs to revise its regional strategy and approach to the Geneva talks. Part Three will evaluate the current opportunities and threats and make recommendations for U.S. policy changes in the short and longer term.

Seizing The Current Opportunity

The election of Hassan Rouhani is an un-missable opportunity for the United States to begin strategic negotiations with Iran, but the Geneva talks need to be approached with a realistic understanding of their domestic and regional repercussions and the long timeline to their successful conclusion.²²⁷ In September 2008, five former Secretaries of State²²⁸ called for US talks with Iran. Obama stated that it was “critical” that we “talk to the Syrians and the Iranians”²²⁹, and made engagement part of his winning presidential campaign. Engagement with the West to reverse sanctions and restore the Iranian economy was part of Rouhani’s campaign. For the first time there seems to be a mutual interest in strategic rather than tactical engagement. Engagement will assuage Iranian fears of regime change, and provide a more legitimate opportunity for Iran to save its economy and realize its historic self-image as a great power. Successful engagement will empower the moderate approach in Iran in the minds of the people. It may provide material excuse for the elites to constrain their excesses, if the economic improvement from sanctions relief provides direct benefit to both the electorate and to the ‘informal economy’ of the elites. Finally, engagement and the consequent move away from self-imposed isolation will inevitably have a liberalizing effect. Rouhani’s narrative is that the June 2013 election itself has solved Iran’s political problems and that the confrontation with the West

²²⁷Ansari, 1.

²²⁸Madeline Albright, Colin Powell, Warren Christopher, Henry A. Kissinger and James A. Baker III.

²²⁹Democratic debate transcript, Austin, Texas, *Council on Foreign Relations*, February 21, 2008.

is just a ‘misunderstanding’.²³⁰ However the depth of the mutual distrust, the emotional attachment to the anti-American identity, and the pervasive Iranian victimhood narrative cannot be replaced overnight. It will need bold compromises and courageous leadership on both sides, matched by verifiable and permanent change to give substance to the talks.²³¹ This will not happen overnight, and will need other strategic tools to maintain the momentum of mutual interest in rapprochement.

“Ultimately, rapprochement between long time adversaries only becomes possible when both sides have made the unilateral calculation that it is in their *own* best interests to end the squabble.”²³² In this Information Age, there is an expectation of instant results in the media. With 34 years of diplomatic isolation from the U.S., and over 60 years of mistrust at Western interference and duplicity, any form of rapprochement with the West will be an excruciatingly long process. In March 2012, President Obama declared, “I do not have a policy of containment; I have a policy to prevent Iran obtaining nuclear weapons.”²³³ American strategic interests in Iran and the Middle East are broader than simple nuclear non-proliferation: to make a start in achieving U.S. strategic ends in the region, America will need to invest in a long term rapprochement with Iran. The timing is right to start engagement with Iran on the nuclear issue, but a multi-track policy that uses all strategic tools is needed to maintain the momentum of talks. The current dual track, ‘carrot and stick’ policy of pressure and engagement will not last the course, as it is in danger of being made irrelevant by the natural impatience of the international community and the changing geopolitical status quo in the Gulf.

²³⁰Ansari, 10.

²³¹Ibid.

²³²Pollack, 36.

²³³Barack Obama, “Remarks By The President At AIPAC Policy Conference,” White House, March 4, 2012. www.whitehouse.gov/the-press-office/2012/03/04/remarks-president-aipac-policy-conference-0 (accessed April 10, 2013).

After 34 years of containment, the American policy of isolating Iran and applying sanctions has finally forced Iranians to concentrate on their economic woes and vote for engagement.²³⁴ However the opportunity to exploit this success is limited as the viability of containment is fading. There are three reasons why the United States cannot revert to a containment policy, if the negotiations fail. Firstly, Iran has learnt its lessons from regional isolation and now has considerable influence in the region and is developing alternative markets in Asia in spite of American containment. Secondly, the regional status quo is rapidly developing in Iran's favor, thanks in part to American removal of Iran's strongest contiguous opponents and the self-imposed damage to American regional credibility from Iraq. Finally, wider international community interest in maintaining the leverage of sanctions is waning. As the former Director General of the International Atomic Energy Agency (IAEA), Mohammed El-Baradei, warned, "anytime you try to isolate a country, the situation gets much, much worse."²³⁵ Containment is easy and successful, when it is cheap and popular to apply sanctions, but not when the opportunity cost is loss of access to Iran's substantial natural resources and the threat of asymmetric attack and political agitation by an influential and opportunistic Iran.

The Current Threat from Spoilers

The current threat to spoil the Geneva talks comes from six areas. Regional allies excluded from the talks such as Israel and the GCC nations, Iranian neo-conservatives such as the IRGC and domestic American conservatives such as AIPAC may pressure the talks if the outcome does not appear to support their national interest. The international community may lose faith and interest in the talks and weaken the effectiveness of sanctions, and the Iranian government may inadvertently spoil the talks through procrastination.

²³⁴*Avoiding Miscalculation and Preparing for Conflict*, 15.

²³⁵Simon Hooper, "Iran: Ready To Work With Obama", *CNN*, January 30, 2010.

The Iranian government is not a unitary actor: beset by factionalism, it needs a consensus from both the visible government of the President and the *Majles*, and the invisible government of the Supreme Leader and his conservative elite. There is a danger that the Iranian negotiators may procrastinate, if Iran's immediate goal of "economic stabilization through sanctions relief" is not met.²³⁶ The United States is currently focused on an incremental approach to resolve the threat of Iran's nuclear program first, and delay all other issues to subsequent negotiations.²³⁷ However, the economic stabilization that is essential for Rouhani's political survival is dependent on a range of concessions not currently on the table. Logically, this would require a 'grand bargain' approach looking at the totality of American differences with Iran, so that Iran could make concessions on a whole host of issues to satisfy the West, yet produce the success required to sell it to the conservatives and their wider population. Without a wider approach, Tehran may string the West along, delaying the talks. Iran has learnt that the flat-out refusals, favored by Ahmadinejad, merely antagonize the international community and consequently build support for further sanctions. Iran may therefore feign interest and try to prolong the negotiations, rather than admit that they cannot compromise on an issue.

Understanding the Saudi position on U.S.-Iran rapprochement is essential to enduring success. Ever since 1993, the United States policy of 'dual containment' of Iraq and Iran has elevated Saudi power and influence in the region. Saudi Arabia's concern is that the United States will befriend Iran and return to its pre-1979 policy of balancing Arab power against Iran and Israel. President Bush's "ham-fisted regional actions", which alienated the Arab masses and facilitated Iranian influence in the 'Arab street', has already made it difficult for Arab

²³⁶Ansari, 1.

²³⁷Erdbrink.

governments to publically associate themselves with American action.²³⁸ It was therefore no surprise, following revelations of secret U.S.-Iran ‘pre-talks’, that the Saudi reception to the November 2013 agreement was so cool.

U.S. reticence to intervene in Syria has reinforced the GCC leaders’ perception of abandonment.²³⁹ U.S. policy in the Levant is therefore key to GCC acquiescence to the U.S.-Iran talks. With an open proxy war in the Levant between Sunni Arab and Iranian influence, the GCC nations are keen to curb the power of Iran and Lebanese Hezbollah in Syria and Iraq.²⁴⁰ Iranian success in the Levant will undermine Arab faith in their leaders, and a pro-Iranian Iraq would turn GCC control of OPEC on its head. Some Arab leaders, especially in KSA and Qatar, may therefore spoil the Geneva talks, if they feel it may improve their situation in the Levant. Careful bilateral diplomacy is required with the GCC nations to reassure them that U.S.-Iran negotiations are not a prelude to U.S. withdrawal from the region. Even Iran knows that “while there may be no love lost with Saudi Arabia, Iran could not systematically begin to rebuild its economy while the largest producer in the Organization of the Petroleum Exporting Countries (OPEC) remained antagonistic.”²⁴¹

Both Israel and the GCC nations see a nuclear Iran as an existential threat, and therefore consider zero enrichment as essential. Zero enrichment and verification of Iranian nuclear compliance need to be discussed and resolved with America’s regional allies prior to the recommencement of the Geneva talks. Israeli spoiling of the U.S.-Iran talks is probably the biggest single threat to the success of the talks. Israel wishes to remove all Iranian direct and indirect influence on the Israeli-Palestinian talks and to preserve the ambiguity and exclusivity of

²³⁸Pollack, 15.

²³⁹*Avoiding Miscalculation and Preparing for Conflict*, 13.

²⁴⁰George Friedman, “Israelis, Saudis And The Iranian Agreement,” *Geopolitical Weekly*, (November 26, 2013).

²⁴¹Ansari, 9.

the Israeli nuclear deterrent. A two-state solution on the 1967 boundaries will make Israel as vulnerable as Czechoslovakia was after its loss of the Sudetenland in October 1938. It therefore seeks to negotiate the Israeli-Palestinian talks from a position of overwhelming advantage.

Both Israel and KSA will demand zero enrichment because of the difficulty of verification. A nuclear Iran is not only disproportionately powerful when it has a nuclear weapon, but also when there is ambiguity over whether it has the capability or not – a situation that Israel currently exploits itself. Once Iran has acquired the knowledge to make a nuclear weapon, that knowledge cannot be taken away. Israel and the GCC nations are concerned that it will be impossible to properly verify that Iran has no nuclear weapon capability, if it is still allowed to enrich uranium for peaceful purposes. There are two reasons for this. Firstly, at what level do you classify peaceful purposes? Weapons grade enrichment is above 85 per cent, but nuclear propulsion requires 60 per cent and some energy-producing designs require 30-40 per cent enrichment. Yet it is unclear what level of enrichment is required for an effective dirty bomb. Secondly, the enrichment process gets exponentially quicker the higher the level of refinement: it takes approximately six months to enrich to five per cent, but only a month to enrich from 20 per cent to 85 per cent. Therefore, allowing Iran the concession of civilian enrichment could theoretically place Iran in a position to be one to two months away from nuclear weapon breakout. The resulting ambiguity could lead to a breakdown in regional trust and further nuclearization of the Middle East region.²⁴² Facing this scenario, Israel and KSA may exert significant pressure to spoil the talks and demand a policy of zero enrichment, which will force the Iranians to abandon the talks.

Israel regularly illicitly the support of the influential lobbying group American Israel Public Affairs Committee (AIPAC) and the more conservative members of Congress. The United

²⁴²Shaikh.

States Congress has already tabled a Bill for further unilateral sanctions against Iran. The only way to pre-empt this is to persuade Israel and the American public that a ‘win-win’ outcome to the U.S.-Iran talks can apply to Israel and the GCC nations without zero enrichment. The key to this will be in persuading Iran to use its influence to reduce Hezbollah and HAMAS violence against Israel or to withdraw its influence altogether. Israeli and GCC acceptance of the detail of the U.S.-Iran negotiations is essential to avoid their very serious spoiling threat.

Iranian neo-conservatives instinctively perceive U.S. intervention to curb Iranian regional power as a domestic threat of regime change, so it is vital that the United States understands and mitigates the Iranian neo-conservative threat to the talks and to the Rouhani reformist government. “The Iranian’s primary goal is regime preservation.”²⁴³ For the past 30 years, governments from all factions have protected the regime by deflecting criticism of their own policies and blaming the poor economy on sanctions and the United States.²⁴⁴ Any agreement will therefore have to include sanctions relief and economic support as a compromise for Iran giving up nuclear weapons. If the talks do not deliver a tangible improvement in the economy, the neo-conservatives will use it to discredit the Rouhani government and the talks. Widening of the talks to include zero enrichment could unite all Iranian parties against the talks as it will be perceived as showing contempt for Iran’s sovereign right as a NPT signatory to civilian nuclear development. The IRGC and other conservatives have a lot to lose from Iranian engagement with the West. The United States may need to be careful to mitigate the neo-conservative threat to engagement by avoiding proposals that unite all Iranians against the talks, and seek proposals that drive a wedge between the factions.

²⁴³Friedman.

²⁴⁴Wehry et al., 17.

International support for sanctions is fickle and bifurcated. Regional allies such as KSA and Israel are adamant in support of crippling sanctions until Iran capitulates. Whereas the wider international community will only support sanctions if the rewards offered to Iran are big enough to make successful engagement likely. If agreement is made on nuclear weapons, Russia, China and most countries will abandon sanctions before America's broader aims of curbing Iranian support for terrorism and its destabilizing influence in the region are met. The BBC has already reported that Russia is negotiating a \$20 billion oil-for-goods deal with Iran that will undermine the leverage of sanctions.²⁴⁵ If America is uncompromising (for example on zero enrichment), then the international community will lose their resolve in supporting sanctions.

There is no doubt that U.S.-Iran talks will re-shape the regional balance of power in the Middle East. Detailed, skilful and tactful communication with Iran, Israel and the GCC nations will be essential to allay fears and pre-empt spoiling of the talks. Israel and Saudi Arabia, who have enjoyed the benefit of preferential support from the United States since 1991 will have to be convincingly reassured that the new status quo will not pose an existential threat. U.S. policy in the Levant and continued deterrence in the Gulf will be key to GCC reassurance. This dilemma will only be resolved by a gradual shift in attitudes among all regional powers in the Middle East "away from seeing everything as an existential struggle to a belief that dialogue can open the door to future cooperation and mutual security."²⁴⁶

Recommendations

Having successfully used the 'Dual Track' policy of pressure and engagement to get Iran to the negotiating table, there are four short-term recommendations to exploit the unique

²⁴⁵“Iran Has Cut Higher-Enriched Uranium Stock ‘By Half,’” *BBC News*, April 17, 2014. <http://www.bbc.com/news/world-middle-east-27065532> (accessed April 17, 2014).

²⁴⁶Shaikh.

opportunity of mutual interest in rapprochement and deliver an agreement on Iranian nuclear capability. A nuclear agreement alone will not deliver the stability and prosperity sought in the U.S. NSS nor the security required by Israel and the GCC nations. There are therefore four long-term recommendations for the United States to develop a longer term strategy and narrative that could build on the Geneva talks to deliver stability, security and prosperity in the Middle East.

The first short-term recommendation is to abandon regime change and seek to bring Iran into regional politics rather than isolating it from its neighbors. Due to the importance of regime survival and Iran's broad threat perception, the United States needs to explicitly reassure Iran that regime change is not an implicit U.S. goal, otherwise Iran and the United States will be unable to develop effective mutual trust at the Geneva talks. Obama's engagement should seek to treat Iran as a rational sovereign nation in its strategic communications at home and abroad in order to break 34 years of enmity and build on the mutual trust and respect established already. Mutual respect is important to successful strategic communications with Iran, not just in language and tone, but also in empathy for Iran's recent history and its current domestic political constraints. All communication should avoid any desire to seek regime change, implied or actual. At the World Economic Forum at Davos in 2009, Iranian Foreign Minister Manouchehr Mottaki announced, "we do believe that if the new administration of the United States, as Mr Obama says, is going to change its policies not in saying but [in] practice, they will find in the region a cooperative approach and reaction."²⁴⁷ Negotiations will need to draw a fine balance between giving Iran a free rein to regional hegemony and denying Iran any role in the region. "Iranians of virtually every stripe aspire for their country to play a leadership role in the Middle East."²⁴⁸ Iran wants to be respected as a valued member of the region, but feels the United States is blocking

²⁴⁷Matt Moore and Alexander G. Higgins, "Israeli Candidate At Davos Warns On Iran," *Associated Press*, January 29, 2009.

²⁴⁸Pollack, 29.

this. The New York Times reported Hamid Reza Tarraghi, a hard-line political analyst, saying “the Americans are confessing Iran stands for peace and stability in this region, but when they invite us for a conference on Syria we are ‘allowed’ to be present on the ‘sidelines.’ This is insulting.”²⁴⁹ Iran’s quest for regional power is similar in some ways to Saudi Arabia’s ambition to be the foremost country in the Gulf. Therefore American language in the talks must be carefully calibrated to deny Iranian aggression yet not be seen to suppress a normal nationalist desire for legitimate regional influence. Any aspiration for regime change in talks with Iran or indirectly through the media will compromise engagement.

The second recommendation is to engage with America’s regional allies pre-emptively and bi-laterally to re-assure them of continued and steadfast U.S. security and support. Detailed discussion and agreement is required on the zero enrichment and verification policies of the United States in the forthcoming Geneva talks. Both the GCC nations and Israel need to be convinced that a nuclear agreement will remove an existential threat in the long term and will neither reduce the current level of U.S. deterrence in the Middle East nor focus international attention on Israel’s ambiguous nuclear deterrent. Avoidance of this challenging diplomacy to reassure America’s regional allies will open the long-term success of any agreement to spoiling.

The third recommendation is to persuade an apathetic and entrenched domestic population that a ‘win-win’ solution in the Middle East is viable, and that the deep-seated ‘zero sum’ approach to Iran in America will lead to a failure of US National Security Strategy. Michael Doran of the Brookings Institute already sees this “deal as a deceptively pleasant way station on the long and bloody road that is the American retreat from the Middle East.”²⁵⁰ Too many people in the region and in the United States feel they can advance their own interests by using the status

²⁴⁹Erdbrink.

²⁵⁰Doran.

quo of mutual enmity between Iran and the West. However containment is failing and slowly becoming irrelevant, as Iran learns how to circumvent it, as the Asian economy booms and as the Middle East geopolitics changes forever on the streets of Syria and across the Levant.

The final short-term recommendation is to broaden the Geneva talks to focus on long term economic growth in Iran and a reduction in Iranian terrorism and malign influence across the Middle East. The regional security, stability and prosperity desired in the U.S. NSS will not be achieved with an agreement to remove Iranian nuclear weapons capability. The opportunity that the Geneva talks provide need to be linked to longer term negotiations towards regional stability. As with the nuclear negotiations, the economy is pivotal in persuading the Iranians that developing their economic potential supports their national interest more than continuing their malign activity across the region. The U.S. therefore needs to finely tune its use of economic sanctions to provide sufficient economic relief to be attractive, but to avoid empowering Iran to exercise control over global energy resources. Once international sanctions have been lifted, it will be difficult to get the international consensus to re-impose them. The incremental lifting of sanctions without an international rush to drop them will have to be carefully considered and calibrated against future threats against stability in the Gulf.

The first long-term recommendation is to develop a deeper empathy and understanding of politics and social values in the Middle East. If the United States is to successfully balance the threat of Iranian regional hegemony, it must develop a more accurate understanding of Iranian strategic ways. Recent Iranian confidence in foreign affairs is not the result of any change in Iran's intrinsic power; rather Iran has exploited the decline in US credibility and resolve following intervention in Iraq and Afghanistan.²⁵¹ Too often, American policy makers confuse Iranian strategic ways with their ends: such as literally interpreting Iranian rhetoric on Israel,

²⁵¹Wehry et al., 155.

rather than seeing it through the filter of Iranian outreach to the Arab population. Whilst it is easy to view all Islamic militant groups alike, there is a huge difference between the nihilistic terrorism of Sunni extremists and the more successful nationalism of Iran's proxies such as LH and increasingly HAMAS. Study of Iranian use of LH against Israel and more recently in Syria, will give a potential understanding of future Iranian strategic ways.²⁵² Ultimately, Iran seeks to achieve its strategic ends through an Iranian 'Monroe Doctrine': by having the strategic patience to exclude American influence and build Iranian indispensability in the region through greater control of the flow of energy and especially global hydrocarbons. Continued American influence in the Middle East will be important in moderating this. Understanding the IRGC and its fissures rather than "demonizing the IRGC as a monolithic whole" will also be important in disrupting Iranian malign influence.²⁵³ Due to its sheer size, fissures and debates have surfaced within the IRGC over whether a more pragmatic political path should be taken. These fissures should be exploited, as well as the constitutional position in Iran that the IRGC, as part of the Iranian armed forces, must not interfere in political affairs.²⁵⁴

An understanding of U.S. regional allies is equally as important, especially in predicting their reaction to a rapprochement between Iran and the United States. "U.S. policymakers should be mindful of how [Arab] public opinion on Iran affects the calculus of Arab regimes."²⁵⁵ The GCC nations need reassurance of long-term protection from Iran. The region needs a new vision for a credible balance of power to replace or revitalize the Sunni order that the United States has supported in the region for 40 years. Even if the United States is successful in steering a peaceful reduction in the Iranian threat and a resultant drop in symptomatic sectarian violence in the

²⁵²Baer, 57.

²⁵³Green et al., xi.

²⁵⁴Zweiri, 24.

²⁵⁵Green et al., xv.

Levant: the United States will still have to provide global leadership in the resolution of the Israeli-Palestinian crisis that casts a shadow over the rest of the Middle East.

The second recommendation is to update U.S. regional strategy in the Middle East in order to accommodate the rapidly changing geopolitical situation and to create a long-term clarity of purpose for American activity in the region. The old Sunni order in the Middle East is crumbling as Iranian influence waxes and American influence and interest wanes.²⁵⁶ If the United States chooses to remain engaged in the Middle East, it will need a regional strategy that balances power across the region: not a sectarian Sunni-Shia balance, but an Arab-Persian balance based on strong nation states. What alternatives are there to the current mutual enmity of containment? Aziz Shahmohammadi, a former adviser to Iran’s Supreme National Security Council observed “it is clear we are increasingly reaching common ground with the Americans. No country should have an eternal enemy, neither we nor the United States.”²⁵⁷ America knows that a greater military presence in the region will be unpopular with its own population, and that direct use of military force tends to increase resistance on the ground and suck more U.S. forces in, rather than resolving the issue.²⁵⁸ Therefore, the obvious solution is to return to a balance of power strategy. This requires a carefully calibrated strategy to ensure sufficient military and economic force on each side, so they balance each other into paralysis and ensure regional stability. Most observers jump to the conclusion of a Sunni-Shia balance of power in the region. Whilst this might appear obvious, it would invite instability through internal civil war exacerbated by external support to proxies. One of America’s more successful Middle East strategies was conceived under President Eisenhower: he “saw it plainly and formulated a strategy to deal with it. His goal was to channel the nationalism of the region away from the Soviet bloc and toward the West by offering security

²⁵⁶Doran.

²⁵⁷Erdbrink.

²⁵⁸*Avoiding Miscalculation and Preparing for Conflict*, 8.

and economic assistance.”²⁵⁹ Eisenhower was successful because the logic of how and when to intervene was drawn from a carefully considered regional strategy, rather than piecemeal crisis management. In the 21st century, America’s most promising path to security and stability in the Middle East is through a balance of power between strong Arab and non-Arab states that leverages popular support against terrorism and sectarianism through Arab and Iranian nationalism. Iran successfully leveraged Lebanese nationalism to deliver success in its influence in Lebanon through Hezbollah. Inherent to this American strategy will be a vision for how Iran can take a legitimate role in the region alongside the Arab states. Most importantly it will include a vision for political transition in Syria after the civil war has concluded that delivers stability across the Levant. Whilst this carefully considered, coordinated and communicated regional strategy could deliver the security, stability and U.S. leadership that the 2010 NSS seeks; it will have to make near term compromises on its quest for universal democratic values. Putting this regional jigsaw together will require a carefully calibrated strategy that is coordinated across the political, security and economic domains and effectively communicated within the United States and with its allies.

The third recommendation is to establish and communicate a regional U.S. narrative that portrays a long-term path to regional security and stability. A U.S. vision for economic prosperity, freedom of trade and balance of power is important to reassure America’s regional allies and discredit the prevalent Iranian victimhood narrative. America’s regional allies will only support engagement with Iran, if the economic support given to Iran as a reward for giving up its nuclear program is controlled to prevent Iran becoming a regional economic hegemon. A U.S. regional narrative needs to carefully consider the level of aid, development, investment and sanctions relief required to revive the Iranian economy yet simultaneously control its rise. Revival

²⁵⁹Doran.

of the Iranian economy is essential for the survival of a more moderate government and the maintenance of momentum in the gradual liberalization of Iranian society. However any huge increase in Iranian oil production and collaboration of production with the Southern Iraqi oilfields will destabilize Saudi Arabia.

A U.S. vision for regional security in the Middle East is an essential component of a Middle East narrative. Throughout, the United States will need to reassure the GCC nations of its commitment to deter Iranian aggression. If the Geneva talks are successful and the Iranian economy revives, Iran will have to abandon its anti-American identity, and will lose the logic of its victimhood narrative. Iran tried to offer a mutual defense pact with the GCC nations on the condition of U.S. military withdrawal from the region. At the International Institution for Strategic Studies at Manama in December 2005 Iran's deputy foreign minister, Muhammad-Reza Baqeri, agreed to regional security cooperation in the Gulf with "the caveat that there should be a timetable for the withdrawal of foreign military [implying the United States] from the region."²⁶⁰ However this is unacceptable to the GCC nations, as they will never have the cohesion to form a security block such as NATO. Therefore a U.S. presence is essential in the Gulf to protect freedom of commerce and the flow of hydrocarbons. One option to defuse tension, reassure GCC allies and counter Iran's victimhood narrative is to invite Iran to take a more coordinated joint role in the security of the Gulf waters. There is already cooperation between Oman and Iran in the Straits of Hormuz: part of the U.S.-Iran engagement could therefore include an invitation to Iran to observe or participate in joint exercises or patrolling. If Iran does genuinely give up nuclear weapons, sponsorship of terrorism and asymmetric destabilization activities in the Gulf States, it will expect an offer of some means of guarantee for the security of its homeland and its regime. However the talks tackle this request, it will need to be carefully balanced against American

²⁶⁰Zweiri, 144.

support for its allies in the region.²⁶¹ Although the United States has very potent strategic ways and means to persuade Iran to negotiate, it needs to improve its strategic communications with a convincing regional narrative in order to conclude the negotiations.

The final recommendation is to use all levers of state in a multi-track policy to persuade Iran to cease its malign influence in the region and to reassure allies in order to promote regional stability and prosperity. Greater use of U.S. soft power may be needed to allow Iran to compromise. Soft power could include support from transnational institutions such as the World Bank or International Monetary Fund (IMF); development assistance for Iranian agriculture, infrastructure, education, energy, and environmental modernization; expanded international trade and investment in the modernization of Iranian oil infrastructure; and lifting unilateral American sanctions and financial restrictions. Privately, both sides also know that for economic development to be effective enough to revive the Iranian economy, it must be accompanied by political development.²⁶² No matter how simplistically President Obama wishes to fix negotiations to the nuclear program, the reality is that Iran cannot agree any compromise that does not include American soft power intervention to revive the Iranian economy. Culturally, Iran has the strategic patience to hold out for this: the difficulty for the United States is how to sell the compromise necessary for this ‘grand bargain’. Whilst the wider international community will see it as pragmatic *realpolitik* to maintain the momentum of engagement, America’s regional allies will see it as a sign of weakness.

In parallel with soft power and diplomacy, the United States will have to make clever and directed use of its conventional and unconventional military power to reassure its regional allies and deter Iranian malign influence and proxy activity. Israel wishes to see the international

²⁶¹Pollack, 28.

²⁶²Ansari, 10.

community's focus remain on Iran rather than the Israeli-Palestinian peace process. It is also keen to avoid the quest for a Middle East nuclear-free zone returning to the UN agenda, as it would jeopardize Israel's regional arms hegemony.²⁶³ KSA enjoys the geopolitical influence that an isolated Iran provides, and is wary that an American departure from the Gulf will leave it exposed. The use of America's conventional and unconventional military power in the Gulf to deter Iranian aggression and reassure regional allies is an essential integral part of any American approach to U.S.-Iran negotiations. If the United States fails to convince its regional allies that its conventional military deterrent will continue to overmatch the Iranian asymmetric threat, they will interpret American reticence as withdrawal and seek security through other means and partners. Some, like Saudi Arabia, will increase their military spending and accelerate their proxy war with Iran. The smaller GCC nations are likely to hedge, and seek closer ties with Tehran. Others have already sought more reliable help from Moscow, a trend that began after the Syrian chemical weapons deal in late 2013.²⁶⁴ A regional strategy that is coordinated and communicated with America's regional allies is the only means of reversing America's declining influence in the Middle East and the consequent threat to regional security and global economic stability.

CONCLUSION

President Obama's choice of a 'Dual Track' policy of diplomacy and sanctions has successfully brought Iran to the negotiating table, but it is unlikely to deliver the regional stability and prosperity that the U.S. National Security Strategy seeks. The success of the Geneva talks to bring greater security and stability to the Middle East will be decided by the perception of regional actors (including Iran) that both a reduction in Iranian regional aggression and a growth

²⁶³Milad Jokar, 'Why Does Netanyahu Want To Sabotage The Iranian Nuclear Deal?' *Al Jazeera*, January 11, 2014.

²⁶⁴Doran.

in Iranian economic power is realistic, achievable and mutually beneficial. 34 years of containment have institutionalized the mutual enmity between Iran, the United States and its allies, creating great inertia to change and blurring mutual understanding and respect. The U.S. cannot return to a policy of containment because Iranian regional influence is growing in spite of sanctions, and international appetite to sustain sanctions is fickle.

In the short term, the United States needs to bring Iran into regional politics rather than isolating it, and facilitate an Iranian economic recovery to allow President Rouhani to sell nuclear concessions as a success to its population. Balancing this, both America's regional allies and its domestic population need reassurance that a 'win-win' solution is viable and does not risk their security.

In the longer term, U.S. National Security Strategy will only be served if the Geneva talks lead to regional security and economic stability. This will require a revision of U.S. regional strategy and the generation of a convincing narrative that lays out a long term vision for a regional balance of power.

The United States is the only player that has the diplomatic, economic and military clout to remove the threat of Iranian nuclear weapons, terrorism and destabilizing influence on the flow of hydrocarbons and the sovereignty of America's allies in order to make the Geneva talks a success. However, it must do this patiently with broad engagement and a focus on the regional economy, using all instruments of state power, and with a genuine understanding of the actors and issues affected by Iran. The "region is undergoing an epochal transformation," only with a new clarity of purpose in its Middle East strategy can America ensure that negotiations with Iran do not fall victim to the changing status quo in the region.²⁶⁵

²⁶⁵Doran.

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