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“Iran’s Strategic Interests in the Middle East”

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Project Iran, part of The CNA Corporation’s Center for Strategic Studies, was launched in 2006 to help government and military decision makers formulate U.S. policy on Iran and the Middle East. The goal of Project Iran is to develop innovative approaches and methods for understanding Iran’s strategic thinking, its institutions and processes, and the various social and economic dynamics at play within Iranian society. Project Iran is guided by a commitment to produce timely, informative, and cutting edge analysis on Iran. For more information or additional copies of Project Iran publications, contact Michael Connell, 703/824-2801, or connelmp@cna.org.

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Introduction

On October 22, 2007, CNA's Project Iran hosted a conference on Iran's strategic interests in the Middle East. The conference assembled a broad range of experts from the government, academia, and the military to discuss Iran's role in the region, the various factors that shape Iran's national security and foreign policy objectives, and the strategies it employs to achieve those objectives.

Iran is a major strategic player in the Middle East. It continues to exert its influence in various regional hotspots, ranging from Afghanistan to the Levant. Its activities touch on a number of areas affecting U.S. national security, including nuclear proliferation, terrorism, and energy security. Because of its ability to influence regional events and, therefore, to affect U.S. policy towards the Middle East, it is crucial for U.S. decision makers to understand Iran's objectives and intentions.

Three Different Ideological Strands Shape Iran's Foreign Policy

Iran's foreign policy is shaped by three different ideological strands: nationalism, Pan-Islamism, and revolutionary Shiism. Since the Islamic Revolution in 1979, these different strands have influenced how Iran pursues its objectives in the Middle East in complex and often contradictory ways. Nationalism has been a motivating factor in Iran's dealings with its regional neighbors since well before the advent of Ayatollah Khomeini. Despite the revolutionary regime's initial attempts to transcend the bounds of the modern nation state, Iranians continue to view themselves as unique and distinct from their neighbors. According to one of the conference speakers, this view is based on the common elements of nationalism (language, ethnicity, and culture), and it has also been reinforced by repeated foreign invasions of Iran and an Iranian tendency to be suspicious of outsiders.

The second ideological strand – Pan-Islamism – is a product of the revolution. The Iranian government espouses a universal ideology, which it has attempted to export to other countries and societies. In so doing, it has reached out to like-minded Islamic revolutionary movements throughout the Middle East while trumpeting its support for pan-Islamic causes, most notably that of the Palestinians in their struggle with Israel. This support is mandated by Iran's constitution, which states that Iran's foreign policy is based upon “the defense of the rights of all Muslims” and that Iran “supports the just struggles of the oppressed against the oppressors in every corner of the globe.”

Despite its repeated calls for pan-Islamic unity, the regime in Tehran has had a difficult time shedding the perception that it is first and foremost a Shia, rather than a Muslim, state. With the notable exception of radical Palestinian groups, such as Hamas and Islamic Jihad, most of the region's Sunni Islamists continue to regard Iran with suspicion. According to one of the speakers, this distrust stems from several factors, including Iran's tendency to side with its Shia co-religionists in sectarian conflicts between Sunnis and Shia, especially in Iraq. Also, the region's Sunnis do not identify with many of the symbols commonly associated with the revolution. Finally, the ideological basis of Iran's revolution, which is

grounded in the concept of “rule by the jurist (*vilayat-e faqih*),” has no counterpart in Sunni Islam.

Revolutionary Pragmatism

Pragmatism must also be added, along with ideology, as a motivating factor in Iranian foreign policy. Iran’s tendency to be pragmatic in its dealings with regional countries has ebbed and flowed over the past two decades. During the 1990’s, President Hashemi Rafsanjani (1989-1997) ushered in a new era in Iranian foreign policy by engaging with several of Iran’s neighbors, most notably the GCC states. Iran’s support for radical Islamist groups in the Arab world, with the exception of the Levant and Iraq, was subsequently reduced. This new trend stemmed from a realistic assessment of Iran’s economic needs following the destructive Iran-Iraq war, and it also reflected a coming of age for Iran’s revolutionary generation – the realization that Iran could not “go it alone” if it hoped to survive.

President Mohammad Khatami (1997-2005) attempted to further this pragmatic trend by initiating a “dialogue of civilizations” with the West. He was, however, constrained by conservative elements in the Iranian regime who felt that Iran had already strayed too far from the revolutionary ideals laid down by the Islamic Republic’s founder, Ayatollah Khomeini. Under President Mahmoud Ahmadinejad (elected in 2005), Iran’s foreign policy establishment has been purged and repopulated with regime radicals loyal to the president. Iran is feeling confident and is flexing its diplomatic muscles, although the long-term implications of this swing towards the radicals are not yet clear. For the time being, Iran continues to endorse the benefits of engagement and dialogue, although the regime’s actions – its support for Shia militias in Iraq, its intransigence over the nuclear issue, and its support for Hizballah in Lebanon – ensure that moderate Arab regimes in the region will cautiously keep Iran at arm’s length. According to one of the speakers, the future trajectory of Iran’s relations with its Arab neighbors will depend on what happens in Iraq.

Decision Making by Consensus

The structure of Iran’s political system also influences how the government makes decisions on matters of national security. The Constitution of the Islamic Republic of Iran created a series of checks and balances that ensured that excessive power would not be concentrated in the hands of any one individual. Although Ayatollah Ali Khamenei, the Supreme Leader of Iran, plays a dominant role in the government as both the head of state and the chief of Iran’s armed forces, Iran does not constitute a one-man dictatorship. In effect, the Supreme Leader is obliged to rule by consensus, presiding over multiple competing factions. The actual process of decision making is ad-hoc and informal, and takes place behind closed doors, usually in either the Supreme National Security Council (SNSC) or in the Supreme Leader’s Office (*Daftar-i Rahbar*). This informal give and take renders decision making cumbersome and inefficient. By the same token, its inclusive nature ensures that Iran’s various political factions have a stake in the system. As one speaker noted, Iran’s rancorous and seemingly dysfunctional political system should not be

mistaken for weakness. Its inbuilt conservatism may even moderate Iran's policies and prevent it from undertaking precipitous or dangerous actions in the international arena.

Due to the nature of decision making in Iran, the government occasionally behaves in ways that seem detrimental to its own interests. Whether this constitutes irrational behavior or simply a value calculus that the U.S. does not sufficiently understand remains a matter of debate. Several speakers at the conference cautioned against viewing the Iranian leadership as being motivated purely by irrational or messianic beliefs. As one panelist put it, "they love suicidal idiots, but they're not a suicidal regime."

The U.S., Iran, and the Middle East: Persistent Tension, Occasional Cooperation

For the past three decades, relations between the U.S. and Iran have been fraught with tension. In a conflict reminiscent of the Cold War, the U.S. and Iran have sparred with each other indirectly, often through regional proxies. Occasionally, tensions between the two countries have flared into the open, as they did during the height of the Tanker War (1987-1988). Paradoxically, however, the U.S. and Iran have also managed to find common ground on some issues and occasionally have been able to cooperate when their interests have coincided, despite the absence of formal relations.

Friction points:

The conflict between Iran's vision for the Middle East and U.S. objectives in the region can be understood by examining tensions between the two countries in three areas:

- **Iraq and Afghanistan:** Iranian and American strategic priorities would seem to be complementary in both Iraq and Afghanistan, insofar as they share an interest in maintaining stability and in fighting extremist Sunni groups such as al-Qaeda and the Taliban. However, several of the speakers noted that Iran continues to be wary of American forces positioned on its eastern and western borders. As one speaker noted, Iran is concerned about a possible U.S. military invasion aimed at regime change. In addition, Tehran fears that the U.S. may take military action to destroy or damage its nuclear program. According to one of the speakers, these concerns explain Iran's provision of funding and weapons to groups opposing the U.S. in Iraq and Afghanistan. Iran seeks to bog down U.S. forces, thereby mitigating the possibility of a U.S. strike. By maintaining the level of violence at a low boil without becoming overtly involved, Iran is sending a message that it could escalate the conflict in either theater if it felt that its interests were being threatened. The scale of Iranian support for Iraqi insurgent groups is probably calibrated to the level of perceived threat from the U.S.
- **Iran's nuclear program:** A major source of contention between the U.S. and Iran has been the latter's nuclear program. According to one of the conference speakers, this is one of the most difficult issues to resolve, in part because there is little basis for agreement between the two sides. Although a recent, publicly-released National Intelligence Estimate (NIE) stated that Iran had halted work on its nuclear weapons

program in 2003, the current sticking point is over uranium enrichment, a necessary precursor to developing nuclear weapons, which the regime in Tehran has steadfastly refused to abandon. For its part, the current U.S. administration has ruled out direct engagement with Iran over the nuclear issue unless it halts its enrichment program.

According to one of the conference panelists, Iran's interest in developing a nuclear deterrent may stem from a rational calculation of the threats arrayed against it. The defeat of Iraqi forces by the U.S. in Operations Desert Storm and Iraqi Freedom may have convinced Iran that its conventional forces alone would be unable to deter the U.S. from attacking it. The speaker also noted that Iran is a non nuclear state in proximity to other nuclear states such as Pakistan, India, and Israel. Iran's drive for nuclear-power status may therefore stem from a desire for greater regional prestige and influence. According to the speaker, it is safe to assume that any Iranian government, not just the Islamic Republic, would pursue nuclear weapons capabilities. To support his argument, the speaker cited the fact that Iran's civilian nuclear program was initiated by the late Shah, prior to the revolution.

- **The Arab-Israeli conflict:** Another point of contention between the U.S. and Iran has been Iran's opposition to the peace process between Israel and the Palestinian Authority. The extent to which Iran's anti-Israel rhetoric and actions are the product of strategic calculation remains a matter of debate. Several speakers discussed how Iran's threatening posture toward Israel, though seemingly inexplicable in national security terms, serves its strategic interests. Iran's bellicose rhetoric is primarily intended for a regional audience. By portraying itself as the strongest advocate of the Palestinian cause, Iran gains respect on the Arab street. In addition, by supporting Sunni Palestinian rejectionist groups such as Hamas and Palestinian Islamic Jihad, Iran courts pan-Islamic sentiment and counters assumptions that it seeks to only empower the Shia. Finally, the ideological dimension of Iran's support of these groups should not be overlooked. As one of the speakers pointed out, Iran's leaders genuinely believe that hostility toward Israel is morally and ideologically justified.

Iran's ability to retaliate

There was a general consensus among the participants that, in the context of a broader conflict with the U.S., Iran would probably rely heavily on its regional proxies to conduct attacks against U.S. forces and to destabilize regional governments. U.S. forces in Iraq and Afghanistan would be particularly vulnerable to retaliation by Iranian surrogates. Iran also maintains the capability to retaliate through Hezbollah, which one expert referred to as the "A-team of terrorism." Despite some of the rhetoric coming out of Tehran, most of the participants agreed that Iran is unlikely to resort to the "oil weapon," i.e., cutting off its oil exports or interfering with shipping in the Strait of Hormuz, unless the regime's survival is directly threatened. To take such extreme measures would be to "commit economic suicide," one speaker noted. Given the relative weakness of its conventional forces, the

Iranians would also likely seek to avoid a direct conflict with U.S. forces, unless they believe that such a conflict could be controlled and prevented from escalating.

Avenues for regional cooperation and engagement

In several instances, the U.S. and Iran's interests overlapped and they collaborated. During the mid-1990s, the U.S. turned a blind eye to Iranian arms shipments to Bosnian Muslim forces because it wished to contain Serbian aggression. Both countries also found a common enemy in the Taliban. During the early phases of Operation Enduring Freedom, the two countries cooperated at the tactical level. In addition, both the U.S. and Iran openly supported the Iraqi opposition to Saddam Hussein; Jalal Talabani, the current President of Iraq, was frequently engaged in back to back meetings with the CIA and the Islamic Revolutionary Guard Corps (IRGC). In 2003, the IRGC allegedly provided assistance to the U.S. when Turkey refused to allow CIA-supplied aid to reach the Kurdish region. These examples of de facto cooperation show that Iranian and American interests are not always inimical; both countries are capable of pursuing policies that may aid the other. One panelist suggested that counter narcotics might represent a promising area for engagement between the two countries, as both Iran and the U.S. have a vested interest in stemming the flow of narcotics from Afghanistan.

Conclusion:

U.S.-Iran relations appear to be in a state of flux. The release of the latest NIE on Iran's nuclear program caused a minor sensation when it stated, with "high confidence," that Iran had halted its nuclear weapons program in 2003. Pundits from across the political spectrum predicted that a military strike against Iranian nuclear facilities, in lieu of the NIE, was now less likely, at least in the short term. This was followed by a press statement from the office of General Petraeus, which concluded that Iran was no longer supplying weapons or training to militants in Iraq. The Supreme Leader of Iran, in a vaguely-worded statement, claimed that while now was not the time to reestablish relations with the U.S., he left the possibility open that relations could be restored at some point in the future.

While these developments would seem to indicate a possible shift in Iran's relationship with the U.S., Iran continues to engage in activities that the U.S. and its allies find objectionable. Iran has not ceased its uranium enrichment program, in contravention of U.N Security Council resolutions. It also continues to provide support to terrorist proxies, especially in the Levant. Iran's role, while seemingly helpful in Iraq, has had a destabilizing influence in Lebanon.

How can the U.S. influence Iran's behavior to bring it more in line with international norms, while at the same time recognizing that Iran is an important regional player and has some legitimate security concerns? The conference participants offered several suggestions:

- **We should walk softly and carry a big stick.** U.S. government officials should avoid hyper inflated rhetoric when it comes to Iran. The Islamic Republic should

not be equated with the Third Reich. Nor will its acquisition of nuclear technology, or even nuclear weapons, necessarily result in “World War Three.” By resorting to such extremist rhetoric, we alienate our regional and international allies while backing ourselves into a rhetorical corner. As one speaker noted, “Let the Iranians be the ones who say crazy and ridiculous things – they are experts at doing it.”

- **The military option is not the best option.** While the U.S. cannot entirely reject the use of force against Iran, it is not a preferable option. The problem with Iran’s nuclear program cannot be solved through surgical military strikes. Such strikes would have serious, long-term repercussions for the U.S. presence in the Middle East, especially in Iraq and Afghanistan.
- **We need to challenge Iran in the realm of ideas.** As one speaker noted, the principal threat to U.S. interests in the Middle East posed by Iran is not a military one. Rather, it is in the realm of ideas. The U.S. has a reputation problem in the Middle East which the Iranians have been able to exploit. The U.S., therefore, needs to do a better job winning over the Arab street. One way to do this is to eschew unilateral approaches to dealing with Iran and, instead, work closely with our regional and extra-regional allies.
- **Iran’s economy is its “Achilles Heel.”** Iran’s economy suffers from deeply-entrenched systemic problems, including a bloated, inefficient state sector; a lack of economic diversification; and mismanagement at the macro economic level. Despite high oil prices, Iran continues to suffer from chronic inflation and unemployment. Iran has also had difficulty attracting foreign direct investment (FDI), of which it is in desperate need, particularly in its energy sector. These factors render Iran susceptible to outside pressure through economic sanctions. However, for sanctions to succeed, they must be carefully calibrated to affect the regime’s behavior, not to punish the Iranian people.
- **We don’t know what we don’t know.** Despite the strategic challenge posed by Iran, the country still remains an enigma to U.S. policy makers. There are glaring gaps in our knowledge about how Iran’s leaders make decisions, what factors affect their strategic calculus, and what their short and long term regional objectives are. These gaps will have to be addressed if our government is to formulate an effective and coherent policy on Iran. In particular, the military and intelligence communities should address chronic shortages of area specialists and linguists.