Overview.

Current U.S. policy toward Iran has made important strides toward limiting the freedom of action of the Tehran regime, but it has not won support from key U.S. allies in Europe and the Middle East. The U.S. secondary boycott\(^1\) has alienated many European countries and U.S. businesses, who are angry with the administration for seeking to interfere with free trade. It has also caused concern among our allies in the Persian Gulf, who fear the U.S. Government has not taken the full measure of Tehran’s anger over sanctions aimed at impeding the development of Iran’s oil and gas resources, the regime’s primary source of the hard currency it needs to pursue its proliferation goals. In the end, these allies argue, Tehran will strike out against the United States by hitting those targets closest at hand, many of which are vulnerable to terrorism and to foreign-backed subversion.

If the United States retaliates militarily against Iran for Dhahran,\(^2\) these allies fear, Iran will strike back at Saudi Arabia. This paper argues that the United States is misguided in limiting its policy objectives to changing the behavior of the Islamic regime in Tehran. This is because the very behavior we seek to change—Iran’s violent opposition to the peace process, its predilection to choose terrorism as a tool of foreign policy, its nuclear weapons program, inter alia—constitute core beliefs of the current regime, even with the advent of a superficially more “moderate” President, Hojjat-ol eslam Mohammad
Khatami. Asking them to abandon these beliefs is like pleading with a heroin addict to kick the habit. Instead, we should seek to encourage Iranian democrats to change the regime. This emphasis on the nature of the regime itself is the basic difference between containment and a competitive strategies approach toward Iran.

Advocates of reconciliation with Tehran argue that factions exist within the current ruling elite who would be prepared to abandon the behavior the United States finds objectionable if the price were right. Instead of more pressure, they argue, the United States should be offering sweeteners and should treat the regime as a reasonable interlocutor, not an outlaw. ³

So far, however, the virtues of accommodation have failed to materialize. Europe's example comes first to mind. For most of the past 18 years, European nations have pursued a quietist approach toward the Islamic revolution, in pursuit of their own mercantile interests. When tough issues came up, such as the death edict against British writer Salman Rushdie, the Europeans found that their commercial engagement afforded them no leverage with the regime. Accordingly, they adopted a somewhat tougher policy in 1992, known as "critical dialogue," which was intended to couple economic carrots with open criticism of the regime on human rights issues.

The European Union (EU) suspended this approach in April 1997, when a German court convicted Iranian intelligence agents for the September 1992 assassination of four Kurdish opposition leaders in Berlin's Mykonos restaurant, and accused the senior leadership of the Islamic Republic of having ordered the killings. When European ambassadors returned to Tehran a few months later, all pretense of criticizing the regime was dropped. Since early 1998, the Europeans have greatly expanded commercial ties with Iran, without resolving any of the outstanding political issues between the European countries and Iran. ⁴
The United States has also sought contact with "moderates" in Tehran, hoping they would be able to change the regime's behavior. But under the leadership of the most "moderate," pro-Western faction, led by President Ali Akbar Hashemi-Rafsanjani, the Islamic Republic actually stepped up its terrorist attacks overseas in the late 1980s and early 1990s, and accelerated its nuclear weapons and ballistic missile programs. Neither has his "moderate" successor, Hojjat-ol eslam Mohammad Khatami even attempted to reign in the type of behavior the United States and its allies find threatening.  

Instead, the regime has used so-called "moderates" as a ploy to gain concessions from the West, much as the Soviet Union used détente during the Cold War. Rather than trying to patch up the current policy, this paper outlines a bottoms-up review of U.S.-Iranian relations by asking a series of basic questions to better define the nature and the goals of the Islamic Republic of Iran and of the United States. It will then examine the vulnerabilities of the Islamic regime to identify points of leverage the United States can exploit to further its interests, using a competitive strategies approach similar to that applied by the Pentagon to the U.S.-Soviet relationship in the 1980s.

**Proliferation Concerns.**

In the proliferation arena, it should be underscored that while any regime in Tehran might seek weapons of mass destruction (WMD) as part of a defensive strategy, the current Islamic regime is unique in seeking these weapons for offensive purposes. This distinction has far reaching implications for long-term U.S. policy decisions. The outcome the United States must avoid at any cost is therefore an Iranian regime that maintains its current aggressive behavior and that is also equipped with WMD. Our analysis will show that this is the most likely outcome of the current U.S. containment policy as well as of Europe's policy of accommodation.
This risk has been dramatically increased by the waiver of ILSA sanctions against the French oil company CFP-Total on May 18, 1998. Waiving the sanctions flashed a green light to other international oil companies to invest in Iran, thereby helping the Islamic Republic overcome its economic difficulties. The preferable outcome of U.S. policy would be to see the emergence of a democratic Iran that foregoes WMD. But there is nothing in current administration policy—or Europe's policy of accommodation—that would lead to this goal.

While some argue that conventional tools of nonproliferation (export controls, treaty obligations, international standards of behavior) have slowed Iran's WMD development, U.S. influence has been limited because the administration has been unwilling to exert political pressure on Iran's primary suppliers, Russia and China. Furthermore, the international nonproliferation norms are structured to tolerate "threshold" behavior, allowing a determined proliferator to build dual-use programs over time, reserving the political decision to declare their military purpose at a moment of their own choosing, as India and Pakistan did in the spring of 1998. If tested, traditional nonproliferation alone becomes a dangerous exercise in political brinkmanship, as the North Korean case shows; when coupled to economic engagement, as was the case with Iraq in the late 1980s, such an approach can lead to war.

Even if the current policy succeeded in containing the expansion of Iran's military capabilities and prevented it from going nuclear—a best case scenario—the United States would still find it faced a major threat from the Islamic Republic of Iran. An aggressive regime will always seek ways of striking against U.S. interests, using whatever means are at hand, whether they be nuclear-tipped missiles or individual terrorists planting barometric bombs on commercial airliners. Because the threat emanates from the regime, more than from any specific weapon, the United
States should refocus its policy on weakening the regime to promote a basic change of orientation.

**Context and Timing of U.S. Policy.**

Any competitive strategy toward Iran will need to evaluate the impact of U.S. policies on U.S. allies in the region. At the very least, any strategy toward Iran must do no harm to these alliances or to the strategic interests of these allies. For example, if promoting democracy in Iran discomfits U.S. allies in the Gulf, who will feel their regimes are also at risk, we must demonstrate to those allies that any alternative policy toward Iran would bring even worse consequences for them, such as a war of aggression by Iran, nuclear blackmail, or active subversion of their regimes. Instead of alienating our Persian Gulf allies, we should actively enlist their support through intelligence sharing and other means, and support them where possible in their efforts to find reasonable solutions to their own domestic problems. We should also exhibit a certain tolerance for the needs of our allies in the region to seek immediate accommodation with the Tehran regime, if by so doing they enhance their own security and do not harm the overall U.S. goals of promoting democracy in Iran.⁷

Any strategy toward Iran must be plotted in time, with three different clocks influencing our decisions.

1. Iranian progress in developing WMD.

2. Timeliness of developing the energy reserves of the Caspian Sea basin, and specifically, of determining export routes.

3. Growth of political unrest in Saudi Arabia, and the inevitable passing of power in other Gulf Cooperation Council (GCC) countries from the current generation to the next.

Without a more determined U.S. policy toward Iran, these timelines will converge at some time over the next 5
years to our disadvantage. In other words, without a U.S. policy whose goal is to promote a change of regime in Tehran (or a change in the very nature of the regime, which amounts to the same thing), the current Islamic regime is likely to acquire a nuclear weapons capability and to sit astride vast new oil reserves, at a time when a new and untested generation of rulers comes to power on the Arabian peninsula. This favorable convergence will give the Islamic regime in Tehran extraordinary power and influence which it lacks today, and make it much less vulnerable to outside pressure. Another factor is the post-Cold War strategic environment.

On the one hand, the United States has emerged as the unchallenged military power of the world, giving us greater latitude for unilateral action. But this is tempered by the increased emphasis in the United States on domestic—and primarily, economic—concerns, and by the growing preference in Washington for multilateral instead of unilateral action. Barring an aggressive act by the Islamic Republic comparable to Iraq's August 1990 invasion of Kuwait, it is unlikely that U.S. public opinion would support major military action against Iran. However, public opinion would be more likely to support military retaliation for terrorist attacks.

U.S. goals in Iran face potential competition from third parties, including Russia, China, and the EU, all of whom are aggressively pursuing economic (and in the case of Russia and China) military relations with Iran. Furthermore, the April-May 1998 campaign of nuclear tests by India and Pakistan, and the lack of a vigorous response by the United States or the world community, will undoubtedly encourage Iran to put its nuclear program into high gear.

Without significant progress toward democracy in Iran within the next 2-3 years (i.e., by the year 2000-2001), the trend lines become all negative. Already the U.S. business community has begun lobbying the administration to lift
the U.S. embargo on trade with Iran, following the May 18, 1998, decision to waive the ILSA sanctions against European oil firms investing in Iran. Through its own actions, the administration has squandered an important policy tool that had succeeded for more than 2 years in preventing new oil and gas investment in Iran. The administration's failure to enforce ILSA was taken as a sign of weakness by Tehran. If past behavior is any guide, this will only embolden the regime in its aggressive behavior. Therefore, if the United States is to have any impact on the future of Iran, the time for new measures is very limited.

Defining the Threat.

The nature of the threat from the Islamic Republic lies as much in its intentions as in its capabilities. Until now, however, U.S. policy toward Iran has focused uniquely on containing Iran's capabilities. But even here, the United States has fewer tools of containment than during the Cold War. With the demise of a multilateral export control regime in March 1994, the United States can no longer veto sales by others of dual-use technology to Iran that strengthens Iran's growing military-industrial complex. Iran is buying machine-tools from Germany, computers and scientific instruments from France, and entire military factories (not to mention major weapons systems) from Russia and China.

International inspections, such as those carried out in Iran by the International Atomic Energy Agency (IAEA), are cooperative in nature, making it unlikely inspectors would discover a covert nuclear weapons program. Even so, the only event that would eventually trigger some form of international punishment of Iran under the current nonproliferation norms would be the discovery of an actual bomb plant. The IAEA has long had evidence that Iran was acquiring an indigenous uranium enrichment capability with help from Russia and China, and has been unable to protest, since these are permitted activities under the
nuclear nonproliferation treaty (NPT). But the threat from Iran is not just proliferation; it is systemic.

In some ways, it parallels the Soviet threat during the Cold War, although on a vastly smaller scale. The Islamic Republic leaders view their system as an alternative model for Third World development, just as Soviet leaders did. In seeking to export their revolution, the Islamic Republic has chosen to use Islam as a political weapon, not as a religious force, to undermine regional competitors such as Bahrain and Saudi Arabia. In their effort to convince major international oil companies to build pipelines across Iran instead of neighboring countries, they have repeatedly resorted to terrorist attacks to destabilize neighbors such as Turkey, Azerbaijan, and Pakistan.9

Until now, U.S. policy has focused on specific threats posed by the Islamic Republic’s nuclear weapons program, its use of terrorism as a tool of foreign policy, its active attempts to subvert neighboring regimes that are friendly to the United States, its violent opposition to the Middle East peace process, its conventional rearmament and especially its naval buildup. But while containment policies may temporarily diminish these threats, they cannot eliminate them because unilateral containment cannot be sustained over time and because the regime has demonstrated a high tolerance for pain. Even if containment succeeded in eliminating a specific threat, new threats would emerge for as long as the current aggressively anti-American regime remains in power. Traditional nonproliferation tools are treating the symptom, not the root cause of the problem, which is the regime.

Iran’s Goals.

A competitive strategies approach toward Iran needs to examine the goals and the nature of the Islamic regime in Iran, and then examine how we can leverage our strengths against their enduring vulnerabilities. In this case, gaining leverage means pressing U.S. advantages in ways that
weaken the regime, exploit its internal contradictions, and motivate the regime to dig its own grave deeper. Many American and European analysts argue that the bad behavior the U.S. objects to in Iran is the work of a single faction. Sideline this faction by supporting its rivals, and most of the bad behavior will become moot, this argument goes. There is a keen political debate inside Iran on many issues. Factional disputes have made it impossible, for instance, for the Parliament (Majlis) to pass a foreign investment law, despite numerous attempts since 1989. One faction argues that allowing foreign companies to own assets in Iran amounts to inviting a neocolonial invasion, while others contend that without foreign capital Iran will be incapable of development. Similar disputes have erupted over many social and cultural issues, such as sexual segregation at Iran’s universities.

But these disputes occur solely among select members of Iran’s body politic, who have demonstrated their loyalty to the regime. On issues of national security and regime survival, no significant divergence separates the different ruling factions. A social and political “moderate” such as President Mohammad Khatami, has been closely allied in the past with foreign terrorist organizations. An economic “liberal” such as Hashemi-Rafsanjani has been the greatest supporter of Iran’s nuclear weapons program. There has never been parliamentary debate on the wisdom of pursuing ballistic missile programs, or nuclear weapons research, or even of pursuing a civilian nuclear power program. On such issues, the regime speaks as one.

Five goals unite the ruling clerical elite:

- Maintenance of the Islamic Republic at all costs, including the system of Velayat-e faghih (absolute clerical rule). The harsh treatment meted out to intellectuals such as Abdolkarim Soroush or writers such as Faraj Sarkuhi, who dared challenge clerical rule, shows that regime survival is an existential concern and far outweighs any
factional differences. Indeed, all other goals are subservient to this;

- Aggressive expansion of Iran’s influence in the Persian Gulf region to become the predominant power, militarily, politically, and eventually economically. While any nationalist government will also seek to enhance Iran’s regional standing (as did the former Shah), the Islamic Republic has used much more aggressive means, including terrorism and the subversion of neighboring regimes to achieve its goals;

- An end to the U.S. military presence in the Persian Gulf, which the Islamic Republic views as a direct challenge to its predominance;

- Active subversion of the Middle East peace process. The Islamic Republic views Israel as a competitor, and fears that if the peace process succeeds, Israel will become the predominant economic power in the region and the partner of choice for the Arab world, Turkey, and Central Asia, instead of Iran;

- Determination to develop a broad spectrum of WMD, including nuclear and biological weapons, as relatively low cost force multipliers.

Only the last of these goals is likely to be shared by a nationalist or democratic regime. However, such a regime is also far more likely to respond to traditional nonproliferation tools and regional confidence-building measures, making the threat that a democratic or nationalist Iran will actually use WMD far less likely than it is today.

Through all the ups and downs of U.S. policy toward Iran since the 1978-79 Iranian Revolution, U.S. policymakers have consistently acted as if they believed it was possible to play one faction off of another. The same search for “moderates” that drove the Iran-Contra fiasco can be seen today in the Clinton Administration’s campaign of friendly gestures toward President Khatami. The United States can
use Khatami’s call for a “dialogue of civilizations” between the two countries to its advantage; however, it should abandon efforts currently underway to cut a secret deal with Tehran that would leave the Islamic regime unchallenged.  

Leveraging Iran’s Vulnerabilities.

While the Islamic Republic, as a system, appears extremely cohesive, it has maintained its grasp on power through a large and often brutal repressive apparatus. Numerous points of fracture exist within Iranian society than can be leveraged through careful policies. Despite major efforts in recent years, Iran remains an oil-based economy, and thus is extremely vulnerable to oil price fluctuations. To expand capacity beyond the January 1998 Organization of Petroleum Exporting Countries (OPEC) production ceiling of 3.9 million b/d, Iran’s oil industry requires a massive infusion of foreign capital and advanced technology, to compensate for a near total lack of maintenance and exploration since the Revolution. And yet, in 1997 the National Iranian Oil Company drilled fewer exploratory wells in Iran in a year than were drilled in the state of Texas in a single month. Clearly, this is an area where the U.S. policy of unilateral economic sanctions had been successful, by preventing capital and technology inflows. U.S. opposition to World Bank loans to Iran compounded the impact.

Economic mismanagement has weakened the Iranian economy across the board. The standard of living in 1998 was a fraction of what it was in 1978, the last year before the fall of the Shah, and most Iranians are aware of what they have lost. High unemployment, rampant inflation, and failure of the regime to make good on its promises to the “dispossessed” have generated resentment among ordinary Iranians and potential instability. Widespread corruption among the ruling elite has exacerbated the problem, leading to a general impression, noted by most analysts of Iranian
affairs, that the Islamic Revolution is “losing its steam.” Here, too, the regime is vulnerable.

The May 1997 presidential election campaign and the massive vote against the regime’s hand-picked candidate, Majlis-speaker Ali Akbar Nateq-Nouri, demonstrated that discontent with the regime is broad-based and deep. Young people have had enough of the repressive social atmosphere and are turning toward the West, especially the United States. There is abundant anecdotal evidence of this, from reports by visiting U.S. journalists who are told at every encounter with ordinary Iranians that they harbor no ill intentions toward the United States, to the rousing welcome given a team of U.S. wrestlers who visited Tehran in February 1998 and were cheered when they paraded the American flag around the stadium to the tune of the American national anthem. Iran’s traditional Shiite clergy has opposed the regime quietly since the death of Ayatollah Khomeini in 1989, because they reject the religious credentials of the new absolute religious leader, Hojjat-ol eslam Ali Khamene’i. Most of the Grand Ayatollahs still alive in Iran have been under house arrest for more than 10 years.

In addition, there is the intense and often bitter disaffection of Iran’s minority Sunni Muslim community, variously estimated at 25-30 percent of the total population. Because Sunni Muslim tradition rejects the dogma of Ve’layat-e faghih, Iran’s Sunnis find themselves barred from government employment. Sunnis are a majority in all of Iran’s border areas, touching Iraq, Pakistan, Afghanistan, the Central Asian republics and most of the Persian Gulf coast. Both of these factors constitute major weaknesses for a so-called “religious” regime, and can be exploited through skillful efforts. Iranian leaders speak often about “Western cultural invasion,” a term they have coined to express both a problem and their frustration at being unable to solve it.

Half of Iran’s population has been born since the 1979 revolution. To the minds of Iran’s clerical leaders, these
young people—the first “pure” products of a new, “Islamic”
education system—should have become stalwart
supporters of the regime. Instead, they listen to Western
music, buy bootleg Western video cassettes, and watch
“Baywatch” and other Hollywood shows on satellite TV.
Attempts in 1995 and 1996 to crack down on satellite dishes
failed miserably; in February 1997, the authorities
launched raids on clothing shops, seizing T-shirts bearing
pictures of the American flag, the Statue of Liberty, and
other Western symbols, setting them on fire in public
ceremonies reminiscent of book-burning.12 Today,
Western-style clothing has become the norm on Iranian
university campuses. The regime’s attempts to isolate
Iranians from outside influence have not only failed; they
have generated greater interest in things Western among
Iranians.

Promoting Democracy.

The areas where the United States has greatest leverage
over the regime in Tehran are mainly cultural. Economic
pressure worked for a time to choke off investment in the oil
and gas sector; but once again, this amounts to treating the
symptom, not the cause of the U.S. problem with the regime.
Unless it is coupled with other, cultural measures, an
economic and military containment policy will ultimately
fail. Indeed, critics of the current “dual containment”
strategy argue that the failure of economic and military
containment to bring about changes in the behavior of the
regime should cause the United States to abandon
containment and seek accommodation with the regime. I
believe, on the contrary, that the current policy does not go
far enough, and fails to recognize that accommodation will
only strengthen the regime and, as a result, the very
behavior we seek to change.

The United States has shown throughout the world that
it can “compete” head to head with dictatorships and win.
Freedom and democracy are extremely attractive
“products” to sell to young people who have been brought up under a repressive, inward-driven system. In competing with the Islamic regime for the attention of this audience, the United States has powerful tools the regime lacks. In its most basic form, a competitive strategy amounts to a successful marketing campaign. The most powerful tool of any marketing campaign is advertising. Since the United States has no access to the Iranian media, this leaves one option: creating our own. In November 1997, Congress appropriated $4 million to create a surrogate Radio Free Iran under the banner of Radio Free Europe/Radio Liberty. It is no coincidence that the Iranian regime has targeted this radio as a threat, and has made offers through back-channel discussions with American intermediaries to open a secret political dialogue with the United States in exchange for killing the new radio. These efforts were eventually blocked in mid-April 1998 by intense pressure on the administration from Congress.\(^\text{13}\)

The audience the United States needs to reach via Radio Free Iran are the 30 million young Iranians born since the revolution. Programming should not be overtly political (the Iranian media is full of hyperventilating political commentary), but should focus on the stuff of freedom—free choice, free expression, freedom to travel, freedom from government repression, and respect for human rights. While the United States can only get involved with opposition groups inside Iran at great risk, it can nurture opposition to the regime through broadcasting and the distribution of guides to political defiance and organization.\(^\text{14}\) The freedom radios had a tremendous impact during the Cold War throughout Eastern Europe in keeping alive a defiant spirit among captive peoples. Czech President Vaclav Havel, who spent many years in a Communist jail, expressed his country’s gratitude for Radio Free Europe by turning over the former Parliament building in Prague to the RFE/RL to use as a new worldwide broadcasting center, for a token one dollar yearly rent.
Radio Free Iran should also work to establish an on-the-ground reporting capability, that can be deployed in times of crisis inside Iran to provide breaking news that the regime is eager to suppress, and to report on human rights abuses. Such a capability was sorely lacking during riots that broke out in a variety of cities (Qazvin, Tabriz, Isfahan, Zahedan, as well as the Tehran suburbs) in recent years. The lack of information allowed the regime to successfully isolate these disturbances and keep them from taking on national significance. How the regime reacts to Radio Free Iran will depend to a large extent on the content of the broadcasts. If they are strident in tone, or become the tool of Iranian exiles, the regime is likely to jam them as it did throughout the 1980s and early 1990s to Central Intelligence Agency (CIA)-sponsored broadcasts run by Dr. Manoucher Ganji, an exile based in Paris. However, if the broadcasts remain factual and strike the right tone, they could gain a wide audience inside Iran, making moves by the regime to jam them or to punish Iranians caught listening to them politically risky.

Repression of this sort could in turn increase the audience for the broadcasts and further encourage the nascent pro-democracy movement inside Iran, just as the regime's ban on satellite dishes only increased the appetite of Iranians to watch banned Western television programs. In addition to broadcasting, the United States needs to send a clear message to the Iranian people about U.S. goals. While the Clinton administration has subtly and correctly altered the official U.S. policy line since President Khatami's election, stressing the friendship between the U.S. and Iranian peoples, we still need to dispel the lingering suspicion in the minds of many Iranians that the United States is somehow conspiring with the ruling clerics to keep the Islamic regime in power. Instead of the usual statements that the United States is "not opposed to Islamic government" in Iran, or that it sees the regime as "a permanent feature of the Middle East," U.S. policymakers should state publicly that the United States supports the
sovereign right of the Iranian people to choose their form of
government by democratic means. The United States
should also make it clear that economic sanctions are tied to
the regime’s behavior, and do not result from any enmity
toward the Iranian people—a message that is already
getting across.

The administration should also try to coordinate its
policy approach toward Iran with nongovernmental actors.
The perceived lack of any U.S. commitment, for or against
sanctions, has encouraged a wide variety of actors on all
sides of the issue to get involved, pretending to express the
underlying intentions of the Clinton administration. One
notable example was the April 15, 1998, speech before the
Council on Foreign Relations in New York by outgoing
Representative Lee Hamilton (Democrat, Indiana), the
ranking Minority member of the House International
Relations Committee who has announced his retirement
from the House. Hamilton called for an end to U.S. sanctions
and encouraged the Clinton Administration to open a
dialogue with the Iranian regime. If the United States
seeks to promote democracy in Iran, it should clearly
indicate that such statements do not square with U.S. policy
or U.S. goals.

Iranian exiles would like to see the United States back
this or that political faction in Iran, but direct involvement
in Iranian politics is a mine field that promises no prize for
the risks of being crossed. Given the advanced state of decay
of the regime, exposure of U.S. covert operations in support
of opposition groups could give regime leaders a welcome
boost in popularity that far outweighed any potential gains.
The United States should encourage other countries in the
region to support opposition Shiite religious leaders and
Iranian Sunnis in Balouchistan, along the Gulf coast, and
along the border with Azerbaijan.

In the public policy arena, the United States should take
up President Khatami’s call for a “dialogue of civilizations”
with care. While on the surface, greater exchanges of
academics, journalists, athletes, and artists seems appealing, Tehran's goal is to create a lobby in the United States that can put pressure on Congress to lift economic sanctions on Iran. For such exchanges to be meaningful, the United States should insist that American "emissaries" to Tehran be granted direct access to the Iranian media, to Iranian students, and to local groups, so they can make the case for democracy and freedom directly to the Iranian people. This is clearly not what President Khatami had in mind.

**Monitoring Democratic Change.**

The United States can have only very limited influence on events inside Iran, and should have no illusion about the type of government that will emerge even in a best case scenario from the ashes of the Islamic Republic. It is likely to remain Islamic—at least, in name; and it is likely to include some of the historic figures of the 1978-79 revolution. We should not expect or even hope for a pro-American puppet regime. U.S. public policy statements should make clear that it is in America's interests to see a strong, free, and democratic Iran, whatever its political coloration. But we should also monitor the shift from dictatorship to democracy carefully, because how it happens will affect what happens. Signs of positive change will include:

- authorization of political parties, with the right to organize and unimpeded access to the domestic media, including those that do not accept clerical rule;

- authorization of labor unions and the right of workers to organize freely and engage in contract negotiations;

- dismantling of the repressive apparatus, especially the "vice squads" and secret police;

- an end to the assassination of Iranian dissidents living in exile and to the harassment of the Iranian exile community;
• putting into practice the International Covenant for Civil and Political Rights, a binding international agreement signed by the Islamic Republic which guarantees the rights of minorities and of political representation for all citizens. (President Khatami’s vow to respect the “rule of law” is a fig leaf for repression, in that he refers to the laws of the Islamic Republic which enshrine discrimination against women, minorities, and political opponents);

• an end to press censorship and ownership laws that restrict press freedom, and free access to the international media for all Iranians;

• prosecution of individuals and groups responsible for mob violence;

• an end to the training and support of foreign terrorist groups.

Some analysts see in the tremendous changes occurring within Iranian society today real signs of a change of heart—if not yet behavior—of the regime. Such a conclusion underestimates the import of the May 1997 presidential elections, which were a resounding defeat for the regime, and overestimates the regime’s ability to keep the lid on popular dissent. Iran’s continued support for terrorism, its dramatic recent successes in developing long-range ballistic missiles, and its continued rejection of the Middle East peace process have demonstrated that the current regime is incapable of reform in any meaningful way. Indeed, if President Khatami were to attempt to implement the reforms listed above, the Tehran rumor mills suggest he would be removed by the Supreme Leader, Ayatollah Khamene’i. The advent of a real democracy in Iran, with open debate and empowerment of minority groups, would spell the end of the Islamic Republic as we know it.

Democracy would have a dramatic impact on Iran’s WMD programs as well. For instance, it is hard to believe that a truly open debate in an Iranian parliament composed
of representatives of all segments of Iranian society (instead of the majority of clerical supporters of the regime we still see today) would approve the massive expenditures being made to build nuclear power plants along the Persian Gulf coast at Busheir. If nothing else, a democratic debate would lead Parliament to consider the economic and environmental impact of pursuing the Busheir nuclear plants.

Similarly, while a democratic Iran might want to build missiles capable of hitting Baghdad, it would see little interest in longer-range missiles that would bring Tel Aviv into reach, knowing that such a capability calls for a response. The regime itself has boasted that every capitulation by the United States, whether a relaxation of economic sanctions or the recognition of the political legitimacy of the Islamic Republic, is tantamount to a show of support for the regime. In this context, negotiating with Tehran only reinforces the current regime, while discouraging Iranian reformers whose influence is growing on a daily basis. Instead, a competitive strategy would seek to drive a wedge between the regime and the Iranian people, to encourage Iranian democrats to organize themselves into an effective opposition capable of using the tools of political defiance to bring about real change in Iran.

CHAPTER 6 - ENDNOTES

1. The Iran Libya Sanctions Act (ILSA), signed into law by President Clinton on August 5, 1996, requires the President to impose three of five possible sanctions against foreign companies investing more than $40 million dollars in Iran’s oil and gas industry, with the investment trigger reduced to $20 million after the first year of the Act. The possible sanctions are: a prohibition on the importation of goods into the United States from a sanctioned foreign person or company; a prohibition on Export-Import Bank assistance for exports to the foreign person; a ban on export licenses for dual-use technology; a ban on U.S. financial institutions from making loans or credits to the sanctioned person or company; and for foreign financial institutions, the loss of their designation as a “primary dealer” in U.S. securities or as a repository of
U.S. Government funds. On May 18, the State Department announced it was waiving sanctions against the French company CFP-Total. Even more significantly, Secretary of State Madeleine Albright said the United States would issue future waivers for European companies because of unspecified cooperation from the EU on preventing Iran from acquiring WMD technologies. These U.S. waivers were greeted as a “great victory” by Iran and a defeat for U.S. policy.

2. While Saudi Arabia has never accused Iran publicly, Saudi officials say privately there is “no doubt” that Iran was behind the bombing of the Khobar Towers barracks in Dhahran, Saudi Arabia, on June 26, 1996, which killed 19 U.S. servicemen. (Source: private conversation with Saudi officials, Washington, DC, March 1998). However, Saudi dissidents encountered by the author in London in February 1998 insisted that Saudi Sunnis tied to renegade Saudi financier Ossama Bin Ladin were behind the blast (see Kenneth R. Timmerman, “This Man Wants You Dead,” Reader’s Digest, July 1998, p. 56).

3. The most well-known presentation of this approach resulted from a Council on Foreign Relations study prompted by the U.S. oil industry and others, authored by Zbigniew Brzezinski, Richard Murphy, and Brent Scowcroft, “Differentiated Containment,” Foreign Policy, May/June 1997.

4. In January, the Iranian Foreign Minister traveled to Rome to examine new export credits with the Italian government; in March, Italy’s largest energy group, ENI, said it was expecting new contracts in Iran; in late April, several British oil and gas firms announced they were preparing to tender for new Iranian oil and gas field development projects, and in May a French commercial delegation with representatives of more than 30 major French exporters traveled to Iran. Commercial news exploded after the May 18 announcement by the United States to waive the ILSA sanctions against Total, with more than a half dozen European companies announcing they planned to open offices in Tehran. (Source: Middle East Data Project chron files; The Iran Brief, various issues).

5. One of Khatami’s first acts as President, in early September 1997, was to meet with representatives of Lebanon’s Hezbollah militia and pledge continued Iranian government support to their struggle against Israel. See “Khatami supports Hezbollah,” The Iran Brief, September 8, 1997. On May 2, 1998, Khatami publicly acclaimed Hamas leader Sheikh Ahmed Yassin, who was visiting Tehran, and vowed Iranian government support to Hamas in its struggle against “Zionist fascism.” “Hamas leader visits Tehran,” The Iran Brief, May 4, 1998.

7. The Saudi rapprochement with Iran, which began during the December 1997 Tehran summit meeting of the Organization of the Islamic Conference, should be seen in this light. More than forging an alliance with Tehran, the Saudis seem intent on limiting Iran’s ability to undermine the Saudi regime by supporting Shiite oppositionists in the Eastern Province. See “Gulf Arab leaders welcome Khatami,” The Iran Brief, January 12, 1998.

8. Leading the charge to lift the trade embargo is USA*Engage, an oil-industry lobbying group. See “U.S. waives ILSA sanctions,” The Iran Brief, June 1, 1998.

9. The President of Azerbaijan accused Tehran of funding a violent Islamic opposition movement in his country in 1996, and senior Pakistan officials told the author in interviews in Islamabad in March 1998 that Iran was arming the Northern Alliance in Afghanistan to fight the Pakistani-backed Taliban, in order to maintain instability in Afghanistan and thus prevent UNOCAL from building a $2.5 billion gas pipeline across the country to Pakistan from Turkmenistan. Iran is hoping to convince BHP of Australia to build an alternate route, across Iran. See “The Great Game in Afghanistan,” The Iran Brief, April 4, 1998; Kenneth R. Timmerman, “Conflict Intensifies over Asian Pipeline Routes,” Washington Times, April 11, 1998.

10. See “Khatami tied to mid-80s terror,” The Iran Brief, July 3, 1997, which details Khatami’s role in orchestrating a wave of anti-Western violence in Lebanon in 1984 while he was serving as Minister of Islamic Guidance. Since Khatami assumed the presidency in August 1997, the U.S. intelligence community has detected MOIS intelligence agents “stalking” U.S. diplomats in Bosnia and Tajikistan. See Bill Gertz, “Intelligence agency highlights threat of anti-American terror,” Washington Times, December 9, 1997.


14. One example would be “From Dictatorship to Democracy,” a pamphlet written by Gene Sharp, a scholar at the Albert Einstein Institution (Printed in 1994 by the Committee for the Restoration of Democracy in Burma, and available from the Albert Einstein Institution in Boston, MA). Sharp's writings on the use of nonviolent political defiance as “weapons systems” to defeat dictatorship provide useful references for Iranian opposition groups seeking to conceive of plan of action for undermining the current regime. Sharp is the author of a landmark three-volume study, The Politics of Nonviolent Action (Porter Sergent, Boston, 1973) that has inspired the Burmese pro-democracy movement.


16. Former Tehran University professor Azar Nafisi tells of Iranians with satellite dishes in the poor suburbs south of Tehran selling tickets to their neighbors to watch weekly broadcasts of “Baywatch.” (Conversation with the author, April 1998).


18. This writer would also support preventive measures aimed at containing any hostile military moves by Iran. These would include deploying theater ballistic missile defenses, and maintaining the U.S. naval presence in the Persian Gulf.