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improvements in Iran's relations with the west. The one area that might improve Iran's relations with the rest of the world relates to economic interdependence. As already indicated, though, the Iranian economy is in deep trouble and in desperate need of foreign investment, in particular for its ailing oil industry. Investment opportunities may be more forthcoming if Iran tempers its language and reduces its support for terrorism.

Suggestions for Further Reading

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(backed by the west) and only managed to survive by throwing millions of young Iranians into the fight, many of whom lost their lives. So Iran, with the backdrop of vast wealth but regional weakness, has remained a pawn in imperial and superpower games. Contemporary Iranian foreign policy is designed to reduce that military and economic weakness by developing a strong military presence in the region, which they believe will guarantee security in an anarchical self-help international system.

The second factor that influences Iran's foreign policy is competition within the complex domestic political system. Internal competition and economic underperformance has resulted in Iran, particularly under Ahmadinejad, focusing on the United States in order to divert attention from their domestic weaknesses. Because of the historical legacy, the United States represents a plausible enemy that needs to be deterred. The dispute between Iran and the United States also allows Ahmadinejad to close down internal debate by framing all dissent as being unpatriotic, and it also allows the Iranian government to blame the United States for Iran's economic problems.

The nuclear issue, which represents the biggest single policy concern for most countries around the world, is clearly driven by a belief in the regime that Iran needs nuclear energy to demonstrate to the world that it is an advanced country, which resonates with the Iranian public. Whether Iran is seeking to develop a nuclear weapon is unclear. Certainly Iran has acted suspiciously in regards to its nuclear program; however, the Ayatollah did signal that a nuclear weapon was against Islam. If we assume that Iran is developing a nuclear weapon, then should we be afraid of an aggressive Iranian regime launching offensive nuclear strikes around the world? I would argue no. Under realist theory, it is not that surprising that Iran is developing a nuclear weapon; its security is weak and it has no allies. A nuclear weapon would help guarantee Iran's security, for purely defensive reasons. There are many who are concerned about the irrationality of Iran's leaders, but again while we cannot be sure, the Iranian government has seemed far from irrational, never having attempted to invade Israel for example. Likewise, despite President Ahmadinejad's wild and inflammatory language he has shown himself to be an adept leader who has managed to negotiate Iran's complex political system and remain in office.

At this writing, the chances of reconciliation between the United States and Iran appear small. Bureaucratic pressures from groups that have a vested interest in maintaining conflict undermine any attempts to improve relations. In particular the IRGC has a major role to play in Iranian politics; it is one of the major guarantors of Iranian security and is in charge of implementing the nuclear program. Again, because of their military and political power it is difficult for leaders within the government of Iran to formulate foreign policy without their tacit agreement. If tensions escalate between Iran and the United States, we can expect that the IRGC will gain further influence over Iranian foreign policy as military security becomes more important to the government in Tehran; so again, we would expect the IRGC and its growing influence on Iranian politics to block

the parliamentary and presidential elections in Iran in 2000, 2001, and 2009, there is a large public sentiment for seeking both economic growth and social reform. But there remain questions of how to balance Shiite Islamic views with more western values. A common debate in Iran revolves around the possibility of importing goods, technology, and ideas from the western world without diluting, if not despoiling, the country's Islamic character. Second, Iran's sovereignty may be challenged in new ways by interdependence. A strong element in Iran's revolutionary worldview is the belief that foreign powers, especially the United States, are unwilling to accept Iranian sovereignty. For example, Washington interprets Iran's efforts to bolster its military power as efforts to establish Iranian hegemony in the oil-rich Gulf region. The ossification of such differences has undoubtedly slowed, if not paralyzed, Iran's achievement of its goals.

Demographics also represent a challenge for the Iranian regime. Iran's population is large (more than 73 million in 2010) and young (more than 60 percent of the population is currently under thirty). As demonstrated in Ahmadinejad's struggle to maintain popular support among Iranian youth, the ability of any Iranian government to meet the basic needs of this growing population will be a critical factor in the legitimacy of that government. In addition, Iran has sizeable minority populations of Azeris, Kurds, Arabs, Turkmen, Jews, Baluchis, Assyrians, and Georgians that require resources and attention from policy-makers.

Finally, regional and global politics remain critical issues for Iran. Gaining access to the potentially very lucrative oil and gas industry of the Caspian Sea basin (most likely as a transit route), determining its stance toward the Arab-Israeli peace process, and dealing with Iraq (with or without Saddam Hussein) and the Gulf all will continue to be a part of Iran's foreign policy agenda. And Iran's security and economic future remain tied, at least in part, to the broader international setting. Continued access to western capital and technology, access to Russian and Chinese military equipment, and removal of the U.S. sanctions will all help Iran meet its needs. However, as this chapter has argued, short-term political expediency by certain factions who need confrontation to support their positions exists within the Iranian and U.S. political systems and may undermine efforts to achieve these larger goals.

Conclusion

While acknowledging the difficulties associated with analyzing the behavior of a relatively closed political system, this study has highlighted two main factors that influence the foreign policy of Iran. The first factor relates to western imperial historical legacy and Iran's relative weakness in the international system. The historical legacy of western imperialism has systematically affected Iranian foreign policy and provided the parameters in which recent political leaders have to operate. Iran, with its vast wealth of natural resources, has consistently demonstrated its inability to defend itself against imperial powers seizing territory and resources. After the revolution in 1979, the Iranian regime was attacked by Iraq

(or threatening invasion). This suggests Iran has a rational incentive to develop a nuclear weapon to deter other states from interfering in its domestic affairs. Iran, in turn, may also gain bargaining leverage and greater influence in regional affairs.

Domestic political factors and the ideologies of leaders in Tehran also might increase the likelihood that Iran is developing a nuclear weapon. The regime, while not explicitly relying on the public for support, still needs to avoid domestic instability and potential revolt. The state of Iran's economy is so poor, especially considering how resource rich the country actually is, that the development of nuclear energy (and potentially a bomb) may be able to divert public opinion from problems at home. Iran's entry into a very exclusive nuclear club would lead to a dramatic swell in national pride. In fact, the one issue on which the Iranian people tend to agree is their right to develop a peaceful nuclear energy industry. One opinion poll suggests that 83 percent of the population favor the development of nuclear energy and 52 percent favor the development of nuclear weapons.[20] Thus, the drive for a nuclear weapon would not only enhance Iran's security, it might also bolster the regime.

There may also be strong bureaucratic reasons for developing a nuclear weapon. The Islamic Revolutionary Guard Corps is fast becoming an extremely important political actor. The IRGC is in charge of the daily maintenance of the nuclear program and is also seen as the guarantor of Iranian security. Thus, the IRGC has a strong bureaucratic incentive to develop a nuclear weapon as it will inflate their position and power within the complex Iranian political system.

Alongside the domestic bureaucratic incentives for developing a nuclear device, the worldview of Iranian leaders may drive a need for developing a nuclear weapon. Ayatollah Khameini, President Ahmadinejad, and other officials in the Iranian government view the United States as an "evil" that needs to be confronted. However, the Ayatollah, who is a deeply religious man, also issued a *fatwa* or religious edict against the development of nuclear weapons. So while the aggressive rhetoric coming out of the president's office suggests consideration of developing a nuclear weapon, the Ayatollah has attempted to send a strong signal to the international community that Iran is not interested in such a device. In summary, there are strong strategic, domestic, political, and individual reasons that may lead Iran to develop nuclear weapons.

Iran faces numerous other political and economic challenges that affect its foreign policy. For example, though Iran possesses vast reserves of oil, its oil industry is in desperate need of foreign investment. But Iran remains under the thumb of international sanctions, and even European companies who might be interested in normal circumstances are unwilling to invest in Iran because they will be blacklisted by the U.S. government. Access to foreign capital and technology, especially in key sectors such as energy and telecommunications, remains the key to any resurgence of the Iranian economy.

The question of foreign direct investment relates to two other dimensions of economic engagement. First, the regime faces a difficult balance between the principles of Shia Islam and the broader forces of globalization. As evidenced by

Obama's speeches on relations with the Middle East in 2009 were designed to reduce tensions, but within a year the administration perceived that its offers of dialogue had been rebuffed by the Iranian regime.

The major obstacle to reducing tensions between the two countries is a function of domestic pressures in both the United States and Iran. President Ahmadinejad has significant domestic political reasons to maintain a confrontation with the United States, despite his country's desperate need for foreign investment. Clearly, the distractionary pressures referred to above make it difficult to reduce tensions. Alongside public opinion and diversion, the confrontation with the United States undermines opposition groups. Similarly, in the United States anyone who attempts to enter a dialogue with the Iranian regime may be seen as being "weak on Iran." Empirical research into cooperation has demonstrated that attempts at cooperation that are not reciprocated by the other side result in domestic political punishments.[18] Thus, conditions suggest that cooperation between these two countries is unlikely.

President Ahmadinejad's announcement in April 2006 that Iran had enriched uranium to the industrial-use level of 3.5 percent shocked many in foreign policy establishments around the world. While this was a considerable distance from the enrichment level needed to develop a nuclear weapon, it demonstrated that Iran had a nascent nuclear industry with dramatic potential. Today, there is little doubt that Iran is developing an industry that may have the capacity to produce a weapon, but there remains debate about Iran's true intent. President Ahmadinejad's bellicose language in global forums, criticisms of Iran's secretiveness by the International Atomic Energy Agency (IAEA), and UN Security Council sanctions all suggest that the situation is building to a crisis.[19]

Iran's uranium enrichment facilities in Natanz and the secret plant in Qom (only revealed in 2009) have considerable potential for dual use. That is, they can either be used to make nuclear fuel for a civilian reactor, which is Iran's right under the Non-Proliferation Treaty (NPT), or to develop highly enriched uranium suitable for a nuclear bomb, which is not allowed under the NPT.

Why would Iran want a nuclear weapon? First, geostrategic factors might encourage Iran to develop a nuclear weapon. A realist perspective argues that an anarchic international system breeds mistrust and causes states to look for ways to guarantee their security. As discussed above, for much of its modern history Iran has been used as a pawn in great power political games. In particular, it has developed a rivalry with both the United States and United Kingdom. Iran also has fairly poor relations with its Arab neighbors, who view the Iranian government as a malevolent force in the region. Iran has very few international allies and as such cannot expect great power support if invaded, as was shown during the Iran-Iraq war during the 1980s. Militarily, it is also weak relative to potential adversaries such as Israel or the United States. For all these reasons, there appear to be strong balance-of-power incentives for Iran to develop nuclear weapons to maintain equilibrium against domination by other powers. A nuclear-armed Iran would represent a very difficult challenge for any state attempting coercion

The 2006 election of representatives to serve on the Assembly of Experts demonstrated that Ahmadinejad was losing some of his popular support. The Assembly of Experts is the body charged with selecting, reviewing, and possibly even removing the Supreme Leader. Members of the assembly are elected for an eight-year term. While on paper it is a powerful body, it has never been known to remove a sitting Supreme Leader, or censure him for his activities. In the 2006 elections, Ahmadinejad's protégés performed badly and the reformist and pragmatic conservative movements gained.[16] The primary threat to Ahmadinejad was that a potential rival for the presidential election in June 2009 made significant gains. Akbar Hashemi Rafsanjani, a pragmatic conservative and former President, easily beat Ahmadinejad's mentor Ayatollah Mohammad Taqi Mesbah-Yazdi to a seat on the Assembly of Experts.

Standard diversionary theory argues that interstate confrontation can improve internal cohesion and result in a "rally" effect, which boosts the leader's political position. This research has also been modified to suggest that the development of nuclear technology can also improve a leader's chances of remaining in office through appeals to national pride.[17] Ahmadinejad has synthesized elements of national pride in the nuclear issue with a diversionary confrontation with the United States, all of which appears designed to distract the population from internal economic problems.

Iran's language on the global stage appeared to become more aggressive in the late 2000s, as the deteriorating situation in Iraq combined with Iran's influence on the Shia in the south of Iraq has massively increased Iranian leverage. The implementation of the Bush Doctrine and the threats made against Iran by the U.S. government provided added legitimacy to the Iranian regime's drive for diversion from the internal realities. The election of Barack Obama altered the political dynamic between the United States and Iran, though, and undermined the Ahmadinejad strategy of confrontation that was designed to help him win the election in June 2009.

Contemporary Iranian Foreign Policy Challenges

One of Iran's greatest foreign policy challenges relates to its interactions with the United States. As discussed above, Iran and the United States have had extremely bad relations for the past three decades. The taking of the U.S. embassy personnel hostage by Iranian students, the mistaken shooting down of an Iranian airliner by a U.S. warship during the Iran-Iraq War, Iran's alleged support of terror groups, and the United States support of Iraq in the past have all led to a spiral of mistrust and antagonism. If Iran is to fully engage with global politics and have access to financial markets and resources, the two countries will need to resolve their dispute. President Khatami tried to reduce tensions with the United States, calling for a "dialogue of civilizations" versus the idea of a "clash of civilizations." This overture, while offering a fleeting hope for rapprochement, was not followed through, and it may even have contributed to Khatami's loss of power. President

confrontational posture with the West, as this increases their own political power as one of the main guarantors of Iranian security.

The IRGC is an extremely powerful organization within Iran. Militarily, it is unparalleled; within the country, the IRGC runs numerous businesses and is becoming a significant political actor. Many politicians within Iran are former IRGC officers, and they play a major role in supporting Ahmadinejad. Their military and domestic political influence can be seen most clearly with their control of the nuclear program (discussed below in more detail). However, it is important to note that with such a powerful political actor in charge of the nuclear program, there are important vested interests in maintaining its development, which in turn restricts the options that the Iranian government have when negotiating with the west. It would be very hard for the Ayatollah to surrender the program when the IRGC are against relinquishing control of such a prized asset.

The confrontation with the United States also allows both the Supreme Leader and the president to frame opposition to their policies as unpatriotic. This framing strategy makes it extremely difficult for opposition groups to articulate their concerns without their loyalty being questioned. External threats, both real and manufactured, are a good way for the president to inflate his position in the governmental structure. By placing Iran in a perpetual state of threat, Ahmadinejad has effectively closed down public debate about his policies. Any internal opposition is now perceived as undermining Iran's ability to confront the United States. For example Ayatollah Khamenei, the Supreme Leader of Iran, publicly stated, "the main way to combat the conspiratorial plots of enemies is to reinforce unity . . . In front of this enemy; we must strengthen our internal foundations."[13] Similarly, President Ahmadinejad said during a cabinet session "Enemies are frustrated with the fruitlessness of their efforts to discredit the Iranian nation from outside the country. They now turn their efforts to sowing discord and cracking the unity enjoyed by the nation in order to obtain their goals." [14]

We can also go beyond internal bureaucratic competition between the different elements of Iran's government and examine the influence of public opinion. While Iran is not a formal democracy (the unelected Supreme Leader's approval of candidates alongside his domination of the political process prevents Iran being considered a full democracy), public approval of the regime still remains extremely important. One of the major problems for Iran's government relates to the extremely high levels of unemployment and inflation that Ahmadinejad's policies have exacerbated. Under his tenure, youth unemployment has grown to 25.4 percent.[15] Inflation similarly rose from around 14 percent in 2005 to 24 percent in 2008 (caution: these are official estimates which might downplay actual levels). There is clearly a major problem for the poor of Iran. Their savings are being destroyed by inflation, and they have a reduced chance of employment. Ahmadinejad's unpopularity was evidenced during a speech he gave in 2006, where the student audience chanted "Death to the Dictator." That this was broadcast on national television, suggests that media elites were also against his presidency.

Ahmadinejad has sought greater influence in the policy process by allying himself with the Ayatollah, unlike his predecessor Khatami, who was continually undermined by the Supreme Leader and struggled to implement reforms and improve ties with the west. In contrast, Ahmadinejad shares a similar worldview to the Supreme Leader and has generally been supported in pursuit of his own agenda. The president also can frame a foreign policy issue in such a way as to make it impossible for the Supreme Leader to overturn. For example, Ahamadinejad's constant embrace of Iran's nuclear program as a national right makes it very difficult for the Supreme Leader to compromise with the international community without being seen as weak to domestic audiences. Ultimately, the complex institutional structure of the Iranian government gives power to many different players, making effective decision making difficult. This tends to make the policy process very conservative and has resulted in President Ahmadinejad developing populist policies that have helped him circumvent internal bureaucracies.

President Ahmadinejad came to power with a particularly populist manifesto committed to dealing with unemployment, poverty, inflation, and corruption.[9] He suggested the government could use some of Iran's oil revenues to help young people get jobs, get married, and afford homes. These pledges raised expectations among his core constituency, the young and the poor, who believed that living standards were going to rise. However, to improve Iran's domestic situation, the economy and state was going to need a radical overhaul, which the government was unwilling to undertake. Consequently, living standards began to fall. While his election campaign focused on domestic politics, his new strategy for remaining in power and maintaining regime stability was to focus on international politics, particularly Iran's confrontation with the United States. Iranian foreign policy behavior was driven by domestic political discontent and tended to follow the expectations of diversionary war theory.[10] Ahmadinejad uses rhetoric to pursue foreign policy objectives by describing an external enemy, thus diverting attention from some serious problems at home. The ongoing confrontation with the United States has several effects. First, it diverts focus from internal problems to external enemies; second, it allows the Ahmadinejad to blame the United States for domestic problems; and third, it reduces the ability of opposition groups to criticize the government as they are accused of being agents of the United States and enemies of the Islamic republic.[11]

President Ahmadinejad has been particularly adept at using the nuclear issue to inflate his position in government and undermine political opposition. His own institutional weakness means that he has to operate outside of the governmental machinery, generally through the use of direct populist appeals.[12] This internal behavior has been replicated on the international stage through a series of speeches that have raised Ahmadinejad's position globally. There are also strong bureaucratic pressures for the president to maintain tension with the United States. Ahmadinejad has considerable support from the Iranian Revolutionary Guards Corps (IRGC). The IRGC has an interest in maintaining a

competition within Iran's political system began to have a stronger influence on Iranian foreign policy. In particular, the complicated structure of Iran's modern political system has made any attempts to reduce tensions with the west extremely difficult. For example, attempts at cooperation with the United States by Iran's more reformist President Mohammad Khatami (1997–2005) were continually undermined by internal opposition.

Iran has an incredibly complex political system with many nodes of power located within the bureaucracy. In fact the Iranian political system is so complex that one of the most powerful organizations within Iran's political structure is the Expediency Council, which is specifically designed to deal with interagency competition and to speed up decision making.[6] The bureaucratic structure means that there are many choke points in Iran's foreign policy decision-making process that can impede or prevent a quick solution. It also means that there are many *veto-players* who can prevent the government from developing more cooperative relations with the west. The Iranian president is only one actor in the political system, which may suggest why current President Mahmoud Ahmadinejad uses aggressive and populist rhetoric to try to inflate his position in the political system.

There is limited outside information regarding the personalities of the two lead protagonists in Iranian foreign policy, the Ayatollah and President Ahmadinejad. Both men are extremely religious, and both men are thought to be extremely ruthless. The Ayatollah's worldview, for example, has led him to express that the development of nuclear weapons is against Islam, and if believed, essentially limits Iran's nuclear options. Some authors have claimed that Ahmadinejad has an extremist religious conviction that the return of the missing Imam will signal the end of the world.[7] This perception of religious fatalism suggests to outside observers that the president is irrational and nonnegotiable; however, Ahmadinejad has shown himself to be an adept political leader who has succeeded in spite of the complex political system.

The Supreme Leader, Ayatollah Khameini, is appointed for life by the Assembly of Experts; he sits at the top of Iran's political system and can veto presidential candidates. He also appoints senior government officials and makes sure that policy is in line with his interpretation of Islamic law. The Supreme Leader also appoints numerous special representatives who are located throughout the political system, including foreign ambassadors. Through these special representatives he is able to shape both domestic and foreign policy.[8] Within Iran, the Ayatollah has unparalleled formal political power.

The president, Ahmadinejad, is the formal head of the executive branch. He is elected every four years, with a limit of two terms. The election of the president cannot be considered a truly democratic process, as all candidates have to be ratified by the Guardian Council, limiting the type of individuals elected and their subsequent foreign policy behavior. The president is in charge of the day-to-day running of the country; he also has several foreign policy responsibilities. He chairs the Supreme National Security Council (SNSC), signs international treaties, and accepts the credentials of foreign ambassadors.

the war in 1988. Although finally convinced that Iran's better interests were served by accepting a cessation of hostilities, Khomeini remarked at the time that making peace with Saddam Hussein's Iraq was "like drinking poison."

When dealing with policy decisions, both the Shah and Khomeini had to cope with certain intrinsic values held by Iranians and had to decide whether to honor them or suppress them. These values included anti-imperialism and antiwesternism. The nationalization of the oil industry in 1951, for example, was in part driven by the desire to demonstrate Iranian independence from colonial powers. Both American capitalism and Soviet communism were rejected as corrupt and foreign. There was a strong connection, of course, between antiwestern attitudes and Islam. The 1979 revolution brought about domination by the religious establishment and an isolationist foreign policy, and as pointed out earlier, the idea of exporting the revolution was also connected to Islam.

After the revolution in 1979, Ayatollah Khomeini had a significant influence on the foreign policy direction of the state. During the 1980s, two imperatives guided Iranian foreign policy: (1) to deal with regimes that were oppressing Shiites and avoid taking sides in the Cold War and (2) to persevere with the Iran-Iraq war. As *velayet-e faqih,* Khomeini's authority was virtually unassailable and he had almost complete control over the Iranian policy-making process. During the duration of his leadership, he controlled the direction of Iranian foreign policy. His worldview focused Iranian foreign policy on confronting what he viewed as corrupt regimes, and in particular he was determined to deal with those regimes that were oppressing their Shiite populations. He also wanted Iran to avoid taking sides during the Cold War and keep an equal distance from the blocs allied with the United States and the Soviet Union, which he believed to be morally bankrupt. The individual level of analysis was a particularly apt level for scholars to analyze Iranian foreign policy during Ayatollah Khomeini's leadership.

With the death of Khomeini in 1989, the Iranian political system became a more fragmented and contentious entity, and any consensus on old core values was eroding. Lacking Khomeini's charismatic appeal, the new *velayet-e faqih,* Ayatollah Ali Khamenei, has been unable to dominate the Iranian political system. From 1989 to 1997 the main political actors in Iran were Khamenei and the president of the Islamic Republic, Akbar Hashemi Rafsanjani. The differences between the two figures were generally slight, with Rafsanjani focused on rebuilding the economy, while leaving much of the social and foreign policy to Khamenei and his supporters. Since the late 1990s other political and social institutions—especially the newly elected parliament, the president, students, and the media—have become platforms for advancing alternative policy directions. In brief, the demise of dominant leaders like the Shah and Khomeini facilitated the rise to power of other actors, some of whom question antiwesternism and the role that Islam plays in foreign policy. All of these participants need to be considered as important players in the power structure of Iran.[5]

So, while the individual worldview of the leaders in Tehran may have had significant effects on Iranian foreign policy, in the past two decades internal

It is no surprise that Iran's resources continued to produce interference from the West. Neoliberal theories suggest that mutual interdependence tends to increase international cooperation (see Chapter 1). However, as argued by neorealist theories, when that interdependence is asymmetric and one state depends on the resources of another, the potential for conflict tends to increase. As we have seen in this chapter, several of the great powers have dominated Iranian politics in order to maintain access to their resources. Asymmetric dependence has fueled Western interference in Iranian politics, as predicted by neorealist theory. However, these resources have also provided Iran with considerable leverage over the western economies. Some believe that military action against Tehran is less likely because of its impact on global oil prices. Furthermore, if Iran is able to develop significant military assets it will be able to defend itself against western interference and potentially be able to use its vast resources to dominate the gulf, which is one of its main foreign policy aims.

Internal Factors

During the 1980s, two imperatives guided Iranian foreign policy. The first was the worldview and policy direction of the Ayatollah Khomeini. Adopting the concept and title of the *velayet-e faqih* (supreme jurist), this charismatic leader had virtually unchallenged authority in the Iranian policy making process.[4] His views were determinative and absolute throughout his tenure. Central to those views was the need to confront corrupt regimes in the Middle East, especially when a Shiite population was being oppressed, and the need for Iran to maintain distance from the United States, the Soviet Union, and other governments that were considered morally bankrupt. As mentioned in Chapter 1, individual leaders can be central to a country's decision making and lead policy in directions unexpected by theorists of international behavior. The influence of the Ayatollah is an excellent example.

The second imperative was the need to persevere in the war with Iraq. The conduct of the war was a constant in Iran's foreign policy throughout the decade. But even here the impact of Khomeini's policy direction is clear. After repulsing the Iraqi attacks of 1980–1981 at tremendous cost, Iran was able to recapture all the territory initially occupied by Iraq. At this point, the Iraqi leaders in Baghdad signaled their willingness to end the conflict. However, a return to the prewar status quo was unacceptable to Khomeini, who insisted that Iran now go on the offensive and move the fight into Iraq. The war continued for another five years before it finally ended with both sides exhausted and essentially in their original territorial positions. It can be argued that Khomeini—as an individual—made a decision to continue the war because his personal views regarding Saddam Hussein, ethnic Arabs, and Sunni Muslims overrode more military-based strategic calculations of Iran's ability to defeat Iraq.

After staggering losses by both sides, the depth of Khomeini's personal animosity toward Iraq in this conflict was reflected in his reaction to efforts to end

Iraq and Israel, and against the coalition of smaller Gulf states. These moves appear consistent with realist theories. Iran's current opposition to Middle East peace negotiations and its efforts to establish better relations with many Arab states testify to the continuing significance of regional factors in Iranian foreign policy.

Clearly, Iran is a strategically important state with significant oil and gas resources, yet it remains militarily weak and has been subject to external interference. As discussed in Chapter 1, realist theories with their emphasis on power suggest that Iran will have to develop military capabilities to help increase their influence in the region and deter other states from interfering in its internal politics. According to the Correlates of War National Material Capabilities dataset, Iran in 2007 was beginning to increase its power in the region. However, in raw military terms, Israel has by far the most advanced military technology in the region and retains considerable support from the United States. The United States also outstrips Iran in terms of material capabilities. U.S. capabilities were calculated as eleven times greater than those of Iran. So, while Iran has access to a sizeable capability base, the combination of U.S. and Israeli power outstrips it by a considerable amount. This means that Iran is unable to challenge the United States or Israel through direct military confrontation, rather they tend to use asymmetric tactics, including support of nonstate groups such as Hezbollah, knowing that they are engaged in an armed confrontation with Israel. Foreign policy choices are therefore mediated through Iran's external weaknesses.

The external security environment provides the current Iranian regime with a series of threats and opportunities. After the U.S.-led invasion of Afghanistan in 2001 and Iraq in 2003, Iran found itself sharing borders with two countries that had sizeable numbers of U.S. troops. The Bush Doctrine, with its emphasis on a strategy of preemption and the labeling of Iran as part of the "Axis of Evil," placed Tehran firmly in the crosshairs. The invasion of Iraq demonstrated the overwhelming superiority of U.S. military capability, as well as President Bush's willingness to support his threats with force. U.S. public confidence in its armed forces was incredibly high, and public opinion shortly after the invasion reflected that confidence with support for a military strike against Iran. The Iranian government perceived that the United States presented a clear and present danger to Iranian security interests, and it was at this point that Iran made a series of overtures towards the United States, including sending a letter to the Bush administration suggesting negotiations on all issues of concern.

However, this external threat also presented Iran with an opportunity to exert its influence in the Middle East and challenge U.S. dominance in the region. When conditions changed in Iraq, the subsequent decline in the U.S. public's willingness to support further military action were readily observable to the Iranian government. The credibility of U.S. threats to Iran was undermined by the reality that the public might not support government actions. These changes provided Iran with a window of opportunity to continue to develop a nuclear energy program, which many in the West viewed as having potential applications for clandestine nuclear weapons development.[3]

believed that Iran would be a relatively easy target. However, while Iraq made some significant gains at the beginning of the war it was unable to achieve a quick victory. Rather, the war dragged on for eight years, sapping the energy and resources of both countries. The war finally ended in 1988 with no significant territorial gains for either side, but significant costs. The war left 600,000 Iranians and 400,000 Iraqis dead, Iran was much weaker in terms of military and economic power, and it was completely isolated.

External Factors

Iranian foreign policy demonstrates the constraining effects of interdependence in the international environment, although in a way usually not explained by liberalism. Liberalism expects economic connections between countries to facilitate cooperation. Furthermore, as noted in Chapter 1, states that are most dependent on others are assumed to be the most constrained. In Iran, however, the opposite of both of these expectations can be seen. Interdependence with great powers brought conflict to Iran, in the form of a military troop presence, military threat, and a sponsored coup rather than cooperation. And even though Iran controlled a critical resource, oil, it was Iran that was most constrained in its foreign policy.

The role of global factors in shaping Iranian foreign policy waned from the 1970s to the 1990s, as internal factors in the new Islamic Republic took precedence. After the revolution, Iran developed an ideology based in part on the rejection of ties with the United States, which was rightly seen as the patron of the Shah. Notably, the loss by the United States of a valuable ally so superbly located on the border with the Soviet Union runs counter to realist expectations that would anticipate vigorous American efforts to keep Iran in the western orbit. Iran's break with the United States was not followed by an immediate turn toward the Soviet Union. In essence, Iran opted out of the Cold War in 1979. This action, too, was contrary to realist expectations that the great powers would dictate smaller powers' international behavior.

Iran paid a price for opting out of the Cold War. In particular, its isolation from the world economy, and the economic and military embargo imposed by the U.S. in response to the hostage crisis had devastating consequences on Iran's domestic economy. Iran also suffered from the absence of a great power backing its long war with Iraq. The goal of Iranian foreign policy in the past decade, has been to try to emerge from isolation and to reestablish positive relations with other countries—a goal that is in some ways a recognition by Iranian leaders of the benefits of interdependence, and hence of the importance of external factors.

Although the role of global factors in Iranian foreign policy has varied over the years, the importance of regional factors in Iranian foreign policy has remained a constant, in particular Iran's persistent interest in dominating the Persian Gulf region. Regardless of its leaders, Iran's regional policy can be seen as one of balancing against the power and interests of the other large states in the region, such as

However, the Shah's position became much more vulnerable when economic conditions in Iran began to decline. Despite the increased market price of oil resulting from the Yom Kippur war in 1973, the economy of Iran deteriorated in the 1970s, with rampant inflation and a decline in the living standards of the middle class. Economic difficulties for the *bazaaris*, the politically powerful merchant class, were particularly dangerous for the Shah. In addition, corruption was rife throughout Iranian public life and foreign involvement in Iran's politics disgusted the religious classes and angered the nationalists, who regarded their presence as a form of colonialism.

The Shah made limited concessions to the opposition in the late 1970s, but this simply resulted in further demands for major political and social reforms. In 1978, the protests began to turn violent, with mass demonstrations on the streets demanding the Shah be removed from office and that the Ayatollah Khomeini be allowed to return from exile. The Shah fled the country in January 1979. Two weeks later, Khomeini returned to Iran and was warmly welcomed by millions of followers. A new government under his leadership was eventually formed in 1980.

Khomeini's government took a radical new direction in domestic and foreign policies. Initially, Khomeini confronted the United States, which he referred to as the "Great Satan." He tacitly approved a move by radical students to seize fifty-two U.S. embassy staff as hostages and to hold them for 444 days. In reality, though, the fragmented nature of Iran's government after the revolution meant that there were different nodes of power within the political system, and it may have been difficult for the Ayatollah to suppress the students without undermining his own position. Competition between the elite classes in Iran also affected its foreign policy during this time.

Iran's aggressive new foreign policy posture essentially created an enduring rivalry between Iran and the west, which remains today. However, while Iran confronted the United States, it also rejected getting involved in the Cold War by adopting a policy of "neither East nor West." The Ayatollah referred to the Soviet Union as the "Lesser Satan." Khomeini was particularly outraged by the Soviet invasion and occupation of Afghanistan, a Muslim country that bordered Iran. The new regime also rejected both the capitalist ideology of the United States and the communist ideology of the Soviet Union. Both worldviews were regarded as corrupt, and the revolutionary government believed that only Islam should form the basis of governance.

One of the major problems with the rejection of both the United States and the Soviet Union was that left Iran with no superpower backers. Iranian isolation on the international stage combined with the Ayatollah's policy of calling for the export of Islamic revolutions led to Saddam Hussein's invasion of Iran in 1980. Hussein believed that the revolutionaries in Tehran were fomenting discontent within his country's borders, and he decided to invade to prevent further instability as well as to gain access to Iran's huge oil fields. The Iranian revolution resulted in a significant decline in Iran's military capability; the officer corps had been purged, and the military no longer had access to advanced U.S. equipment. Saddam

Saddam Hussein invaded Iran

be less subservient to the colonial powers, and this sentiment was reflected in the behavior of Iran's elite class. Iran's parliament voted to nationalize the oil industry in response to public anger about western meddling. At the time, Iran's oil industry was dominated by the Anglo-Iranian oil company (AIOC), which owned all of Iran's refining capacity and took most of the profits. Nationalization would have a significant impact on powerful business interests in Great Britain, which in turn placed pressure on the British government to try to stop Iran's intended nationalization. In response to public demands, the Shah appointed Muhammed Mossadeq, one of the leading proponents of oil industry nationalization, to the post of prime minister. The appointment of Mossadeq was viewed by the new U.S. President Dwight Eisenhower as signaling a potential shift to a pro-Soviet foreign policy. Cold War confrontations between the United States and the Soviet Union placed even greater pressures on the West to prevent Iran from falling under the influence of the Soviet Union.

The British and Americans agreed to remove Mossadeq from office. A military coup code named *Operation Ajax* was planned and then implemented on August 13, 1953. The coup eventually lead to the removal of Mossadeq and resulted in the Shah gaining unparalleled control of the political system in Iran. These developments greatly enhanced the U.S. influence in Iran. The Shah entered into a strong prowestern relationship with the United States, with Iran becoming one of two "pillars" (along with Saudi Arabia) that guaranteed U.S. interests in the Middle East. Iran provided the United States with an intelligence-gathering base on Soviet activities; in turn, the United States provided Iran with large amounts of military aid.

Thus, from 1945 to 1978, Iranian foreign policy seemed to be driven by the demands of external powers rather than domestic political elites or Iran's own strategic calculations. The anarchical international system and the inability of Iran to guarantee its own security resulted in their balancing behavior by allying themselves closely to the United States. Iran was heavily reliant on the United States for economic aid and armaments, deepening its dependency on a nation that many Iranian citizens did not support. Thus, a common explanation of Iranian foreign policy during this time would focus on the system level, particularly bipolarity and its influence on Iranian foreign policy calculations.

External and internal politics changed through the Iranian revolution of 1978–1979. Economic difficulties, social division, and widespread distaste for the Shah's close relationship with the United States laid the foundations of the revolution. Early seeds were sown around 1963 when the Shah began the "white revolution," which included land reform, workers profit-sharing schemes, and the extension of voting to women. These economic and social reforms, while strongly supported by some parts of Iranian society, were condemned by others. The religious establishment was deeply opposed to women's suffrage. The Ayatollah Sayyid Ruhollah Musavi Khomeini, a religious leader from Qom, was one of the most vocal opponents, and his challenge to the Shah resulted in his imprisonment and eventual exile.

the east. Iran's military weakness became apparent when Russia seized control of Iran's Caucasian dependencies at the treaties of Golestan (1813) and Turkmenchai (1828). The main motivation for the actions of both Britain and Russia was to prevent Iran from falling under control of the other power. However, the discovery of oil in 1908 changed the strategic calculations of the British government relating to Iran. With the Royal Navy converting to oil in 1913, Iran became strategically important in its own right rather than simply being instrumental in protecting India's security.

Iran's emergence as a modern state began in 1921 when Reza Khan seized power from the weak and incompetent Ahmad Shah, the last leader of the disintegrating Qajar dynasty.[1] In 1925, the Iranian parliament, known as the *Majlis*, elected Reza Khan as Shah, beginning the new Pahlavi dynasty. During World War II, Iran's location and resources led Great Britain and the Soviet Union to conduct nearly simultaneous invasions of the country. Both London and Moscow were concerned there were Nazi sympathizers within the Iranian regime and sought to keep the country's enormous oil wealth out of German hands. The invasions demonstrated both Iran's strategic importance and its weakness when confronted with the great powers—a theme that remains important today. The Soviet and British occupiers demanded Iranian cooperation and that the Shah abdicate and be replaced by his son Mohammad Reza Pahlavi, who was thought to be more compliant. In exchange for Iranian assistance, Britain and the Soviet Union pledged to remove their troops from Iran's territory six months after the war ended. This commitment was confirmed at the Tehran conference in November 1943 by U.S. President Franklin D. Roosevelt, British Prime Minister Winston Churchill, and Soviet leader Josef Stalin.

However, the strategic calculations of the victorious allies seemed to change very little after the end of World War II. Iran remained vitally important during the Cold War. Soviet soldiers stayed six months longer in Iran than the time frame agreed at the Tehran conference. The territorial integrity of Iran also was not respected, with the Soviet Union supporting the creation of independent Azeri and Kurdish regions along the border between the two countries. The final condition of Soviet withdrawal was a pledge by the Iranian government to provide a preferential rate for oil sales. Iran acceded to the demands, and Soviet troops, under pressure from the United States and Britain, eventually withdrew from Iran in May 1946.

Iran began to reassert itself after the withdrawal of Soviet troops, with the *Majlis* rejecting any oil concessions. Iran also conducted limited military operations in the Azeri and Kurdish regions to bring them back under Tehran's control. That said, Iran remained wary of further great power interventions in their country.

The election of left-leaning Prime Minister Muhammed Mossadeq in 1953 led to another standoff with Western powers.[2] The Mossadeq crisis stemmed from domestic dissatisfaction with great power influences over Iran. Iran's strategic location, Cold War competition, and business interests all led to attempts by Great Britain to dominate Iran's oil industry. However, the public wanted Iran to

Iran has enormous potential to influence dynamics in the Persian Gulf region and even to become a sizeable player in the international system. However, Iran's strengths, including its considerable oil and gas reserves and strategic location, also have provided incentives for external powers to meddle with Iranian domestic politics. It is against this backdrop that the Iranian government has had to formulate differing foreign policies that attempt to both maximize its potential but also minimize external influences on its affairs.

In this chapter, the focus is on two factors that have had a strong effect on Iran's foreign policy decision making. First, Iran's strategic position in global politics and how that position constrains its foreign policy environment. Though Iran has a considerable supply of natural resources, it traditionally has been unable to exploit them. Rather, these resources and Iran's strategic location have provided incentives for the great powers, particularly Great Britain, the United States, and Russia/Soviet Union, to interfere in Iranian politics. Second, is an exploration of the domestic political factors that have such a strong influence on Iranian foreign policy. This chapter addresses the historical context that has made domestic political competition more impactful on foreign policy than the political preferences of Iran's individual leaders. Since the accession of Shah Reza Pahlavi, Iran's engagement in the regional politics of the Middle East has been mediated by a series of internal crises and leadership changes. This chapter examines the foreign policy behavior of Iran under the Shah, the effects of the revolution in 1979, attempts at reconciliation with the west under Khatami, and finally the foreign policy of Ayatollah Khameini and the rise of the neoconservatives under the leadership of President Ahmadinejad. While Iran's different elites chose different tactics, their overall aim was to increase Iran's regional influence and reduce the influence of external powers in Iran's domestic politics.

Historical Context

Iran has a history dating back many thousands of years. In the 19th century, Iran was strategically important but militarily weak. The Russians to the north were expanding, and the British Empire wanted to use Iran's secure links with India to

CHAPTER 10

The Changing Character of Iranian Foreign Policy

Graeme A. M. Davies

Iran has a fascinating history. Located at the center of a critically important region for global politics, it received a great deal of attention from the superpowers and other powerful states in the Middle East during the Cold War. Its oil reserves have made others dependent on Iran, but this chapter explores the puzzle of why this has not provided Iran with leverage in international relations. Rather, its oil has attracted outside actors—including Great Britain, the Soviet Union/Russia, and the United States—each trying to control or seek concessions from Iran. Iran has also been affected by geopolitical competitions and rivalry, both in the global conflict between the United States and the Soviet Union (particularly with the U.S.–British-sponsored coup against Prime Minister Mossadeq in 1953) and in regional conflicts in the Middle East. In this chapter, Graeme Davies shows how Iran has attempted to cope with these external pressures along with its desire to play an influential role in the Persian Gulf.

The importance of Iranian leaders' beliefs in shaping foreign policy parallels the significance of leaders like De Gaulle in France (Chapter 3), Nehru in India (Chapter 8), and Chávez in Venezuela (Chapter 14). Like those of China (Chapter 6), South Africa (Chapter 12), and, until recently, Nigeria (Chapter 11), Iran's political system is authoritarian and provides its people with few avenues of influence on foreign policy. Yet its leaders often reflect Iranian society's core values of antiwesternism and anticolonialism, similar to other developing countries such as Brazil (Chapter 13) and Venezuela (Chapter 14). Islam, as a belief system, underlies many of the core values that act as parameters of Iranian foreign policy, though its role can be contrasted with the balance between religious and secular traditions in Turkey (Chapter 9). As this chapter argues, Iran is an excellent example of a country operating under the effects of external constraints. At times, Iran has followed the path expected by realist theories and was closely aligned with the United States, much like Germany (Chapter 4) and Japan (Chapter 7). At other times, however, it has attempted to remain neutral, rejecting the overtures of superpowers, much like France and India. Iran's attempts at neutrality, however, contributed to the isolation from which it is now struggling to break free.