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THE CHALLENGE OF IRAN

Mr. Chairman and members of the committee, thank you for allowing me the privilege to come before you to discuss the threat posed by the Islamic Republic of Iran. Today, as for much of the past quarter of century, Iran presents a formidable challenge to yet another U.S. administration. From proliferation of weapons of mass destruction to terrorism, democratic transformation to human rights, Iran has long embodied an entire range of American concerns. The Islamic Republic of Iran is many things. It is a country poised to acquire nuclear weapons within the decade; it is a state that has long supported terrorist organizations and plotted the overthrow of its neighbors. Yet, it is also a nation with a vibrant civil society and a sophisticated populace. And most importantly, Iran defines and shapes the character of radical Islam. It was the first place that fundamentalists came to power and challenged the United States, and it is the place where the dimensions of political Islam are actively debated and contested. The type of foreign policy that Iran pursues will thus cast a long shadow over Middle Eastern politics.

Iran's Internal Power Struggles

After twenty-six years in power, the complexion of the Iranian regime is changing. A younger generation of conservatives is beginning to come to power with its own distinct views and ideologies. Mahmoud Ahmadinejad's presidential triumph concludes a remarkable resurgence of the right that has now captured all the relevant elected institutions. For the new generation of conservatives, it is the war with Iraq not the revolution that is their defining experience. Their isolation from the United States, suspicion of the international community that tolerated Iraq's chemical weapons use against Iran, and their continued attachment to the tenets of the revolution, define their ideology. In the meantime, the corruption of the founding leaders of the republic and their lack of revolutionary resolution offends the stern war veterans. The new generation of conservatives are unyielding in their ideological commitments, earnest in their belief that the "Government of God" has relevance and persistent in their simplistic claim that all problems can be resolved if Iran returns to the roots of the revolution.

Despite the conservative jubilation, their political hegemony may prove short-lived. The right's monopolization of power has burdened it with responsibilities that the reformers did not have. The reformers can be absolved for some of their failures by the divided nature of the government and right-wing obstructionism. The conservative consolidation of power over all the relevant organs of the state deprives them of such an excuse. Given their intellectual poverty, corruption and attachment to anachronistic policies, the hardliners have no viable solutions to Iran's manifold political and economic troubles. The moderate newspaper, *E'temad* captured the

predicament of the hardliners, warning, “With all the capabilities, and the consolidation of the powers that they enjoy, they should be able to solve all the problems without the slightest excuse.” On the eve of their most impressive power grab, the conservatives may yet face a disgruntled public that they can neither appease nor contain.

The alarmist headlines and the astonishing power of the conservatives should not conceal the fact that the clerical establishment is still divided along factional lines. Indeed, a persistent problem with the Western observers is their perception of Iranian politics as static. The reformist triumphs of the 1990s were seen by many as inevitably ushering a new democratic epoch. While today, the conservative assumption of power is seen as necessarily permanent and durable. In Iran, however, politics is a shifting landscape. It is not inconceivable that the reformers may stage yet another comeback and reclaim the parliament in the next election. Nor can it be ruled out that Ayatollah Hashemi Rafsanjani or one of his pragmatic protégés will assume the office of the presidency yet again. The conservatives have a daunting mandate, namely fixing Iran’s economic ills. Should they prove unable to discharge that burden, then they may yet face another populist backlash.

There are already signs that the clerical system is re-balancing itself and seeking to restrain its impetuous new president. Mahmoud Ahmadinejad’s inexperience and ideological stridency has cost Iran dearly. His inflammatory speech at the United Nations last September was largely responsible for fostering a coalition within the International Atomic Energy Agency for potential referral of Iran to the Security Council. And, his more recent call for “wiping Israel off the map,” has led to Iran’s condemnation by a wide range of international actors and leading powers. On the domestic front, Ahmadinejad’s cabinet choices with their marked incompetence have received a poor reception even from the hard-line parliament that has refused to confirm many of his candidates. Indeed, as of today, Iran still does not have an oil minister, a critical portfolio for a country that is so reliant on energy exports for its livelihood. Given this record, in an unprecedented move, the Supreme Leader Ali Khamenei has empowered Rafsanjani to “supervise” the workings of the office of the presidency, particularly in the realm of foreign affairs. How this latest attempt to curb Ahmadinejad will work in actual reality is hard to tell, but there does appear a determination by the leadership of the state to check his excesses and impose limits on his expansive ideological vision.

Iran’s innovative intellectual class is not without ideas about how to proceed and forge new constitutional arrangements designed to foster a more inclusive polity. After all, Iran’s constitution has been amended before, most notably in 1989 when the powers of the Supreme Leader were considerably augmented. The problem so far has been the absence of will, and the refusal to engage in protest and confrontation to achieve political aims. There are signs that the reformers and pragmatists most recent repudiation by a sullen electorate has finally injected them with a measure of resolution. The so-called “anti-fascist front” that evolved during the presidential campaign uniting the pragmatists and the reformers is beginning to congeal. A younger generation of activists led by reformers such as Muhammad Reza Khatami, the former president’s younger brother, and the Rafsanjani protégé and former mayor of Tehran, Gholam-Hussein Karbaschi are openly discussing the prospects of a common front and examining ideas about how to alter the fundamental contours of the state. A more determined effort, coalescing Iran’s factions against the reactionary right may yet belie the notion that the conservative manipulations can perpetuate their political monopoly.

Iran today is a nation in search of an identity, a state that oscillates between promises of democratic modernity and retrogressive tradition. Despite all its sensational setbacks, the one enduring legacy of Muhammad Khatami’s reform movement and its electoral triumphs is to make

it impossible for Iran to become a rigid authoritarian state. The call for representation and the rule of law, accountability and equality have transformed an average Iranian from a passive observer of clerical politics into an active agent of change. The resilience of the forces of progress stems from their diversity. Clerical reformers, disillusioned youth, burdened middle class, women seeking emancipation and intellectuals yearning for freedom of through have come together in their demand for a government responsive to its citizenry. Despite the apparent consolidation of conservative power, and the election to the presidency of an unreconstructed ideologue, Iran will change. In the long-run, Iran's sophisticated and youthful populace can neither be appeased by cosmetic concessions nor silenced by threats of coercion.

However, Iran's democratic transition must come on its own terms, and at its own pace. The castigation of Iran as an "axis of evil" or denigration of its political process, only provides ammunition to hardliners decrying Iran's democrats as unwitting agents of Western machination. Contrary to Washington's depictions, the struggle in Iran is not a simple conflict between the people and the mullahs. Iran's factional politics, ideological divisions and political rivalries are much more complex and nuanced. The dissident clerics within the seminaries, the young functionaries waging a turf war in the government, the student organizations defying the authorities and the women who persistently challenge the prevailing religious strictures are all part of the same inchoate movement seeking to liberalize the parameters of the state. The stark distinction between the people and the regime quickly fades when one considers how decentralized and flexible Iran's Islamic order has become in the intervening three decades. Before stepping in the convoluted fray of Iranian politics, Washington would be wise to have a better appreciation of Iran's complexities and contradictions.

What is to be done? At the outset it must be appreciated that the notion of "regime change" is more of a slogan than a policy. The United States does have an important stake in Iran's internal struggles. Iran will change, however, this will not be a change imposed or accelerated from abroad. The best manner of impacting Iran's internal struggles is to reconnect the two societies. Cultural exchanges, academic scholarships, and more relaxed visa policy can once more yield an interaction between two peoples that have long been estranged. Beyond that the United States would be wise to temper its rhetoric and relax its economic sanctions. For too long, we have relied on the hard stick of coercion, it is time to overwhelm Iran with America's more compelling soft power. By integrating Iran into the global economy, the US can generate internal pressures for transparency and decentralization that will press Iran toward a more responsible international conduct. Through a multifaceted approach, the United States can best deter Iran's provocative policies in the short-run and cultivate a democratic transition in the long-run.

Iran's Nuclear Calculations

Contrary to many Western assumptions, Iran's quest for nuclear weapons does not stem from irrational ideological postulations, but from a judicious attempt to craft a viable deterrent posture against a range of threats. It is often argued that Iran's dangerous and unpredictable neighborhood grants it ample incentive for acquiring nuclear weapons. However, it is hard to see how persistent volatility on Iran's frontiers can be ameliorated by the possession of such weapons. Instability in Afghanistan and Central Asia may be sources of significant concern for Iran's defense planners, but nuclear weapons can scarcely defuse such crises. A more careful examination reveals that Iran's nuclear program has been conditioned by a narrower but more pronounced set of threats. Historically, the need to negate the American and Iraqi threats has been Iran's primary motivation. In more recent times, the simmering concerns regarding the stability of

a nuclear-armed Pakistan have similarly enhanced the value of such weapons to Iran's planners. In the end, for Iran this is a weapon of deterrence not one of power projection.

From the Islamic Republic's perspective, the Gulf is its most important strategic arena, constituting its most reliable access to the international petroleum market. For long, it was Iraq that actuated the theocratic elite toward a search for a nuclear option. Saddam's Iraq not only sought hegemony over the Gulf, and indeed the larger Middle East, but also waged a merciless eight-year war against Iran. It is the developments in the Gulf that will likely condition Iran's defense posture and nuclear ambitions for the foreseeable future.

The impact of the Iran-Iraq war on Tehran's nuclear calculations cannot be underestimated. Iraq's employment of chemical weapons against Iranian civilians and combatants led to an estimated 50,000 casualties and permanently scared Iran's national psyche. Whatever their tactical military utility, in the hands of Saddam chemical weapons were tools of terror, as he hoped that through their indiscriminate use he could frighten and demoralize the Iranian populace. To an extent this strategy proved effective, Iraq's targeting of Iranian cities during the latter stages of the war did much to undermine the national support for the continuation of the conflict. Far from being a historic memory, the war and its legacy are debated daily in the pages of newspapers, in the halls of the universities and the floor of the parliament. The dramatic memories of the war have led to cries of "never again" uniting a fractious public behind the desire to achieve not just a credible deterrent posture but potentially a convincing retaliatory capability.

Beyond the human toll, the war also changed Iran's strategic doctrine. During the war, Iran persisted with the notion that technological superiority cannot overcome revolutionary zeal and a willingness to offer martyrs. To compensate for its lack of weaponry, Iran launched human wave assaults and used its young population as a tool of an offensive military strategy. The devastation of the war and the loss of "martyrdom" appetite among Iran's youth have invalidated that theory. As Rafsanjani acknowledged, "With regards to chemical, bacteriological and radiological weapons, it was made clear during the war that these weapons are very decisive. We should fully equip ourselves in both offensive and defensive use of these weapons." Moreover, the indifference of the international community to Saddam's crimes also left its mark, leading Iran to reject the notion that international treaties and compacts can ensure its security. Deterrence could no longer be predicated on revolutionary commitment and international opinion, as Iran required a more credible military response.

The overthrow of Saddam's regime has diminished but by no means eliminated the Iraqi challenge. The unpredictable nature of developments in Iraq has intensified Iran's anxieties and further enhanced the utility of the nuclear option. Should Iraq emerge as a close US ally policing the Gulf on the behest of its superpower benefactor, Iran will stand marginalized and isolated. Indeed, the long-standing ambition of successive Iraqi governments to assert predominance in the Gulf may finally be nurtured by a superpower seeking local allies to contain recalcitrant states such as Iran. A revival of the Nixon Doctrine, whereby the US sought to ensure the stability of the Persian Gulf by arming its pliant Iranian ally, with Iraq now assuming that role, would seriously constrain Tehran's options. A presumptive nuclear capability would grant Iran a greater ability to assert its interests and press its claims. At any rate, the unforeseen conduct of the sovereign Iraqi government compels the theocratic leadership to formulate a range of contingencies, and one such option is to sustain a robust nuclear research program.

Iraq is not the only potential problem that Iran faces, as looking east lies a nuclear-armed Pakistan with its own strain of anti-Shiism. Although General Musharaff is routinely celebrated in Washington as reliable ally in the war against terrorism, Pakistan's past is more checkered and

problematic. Throughout the 1990s, Pakistan perceived the demise of the Soviet Union as a unique opportunity to exert its influence in Central Asia and to capture the emerging markets in that critical area. Afghanistan was viewed as an indispensable bridge to Central Asia, and Pakistani intelligence services did much to ensure the triumph of the radical Taliban movement in the ensuing Afghan civil war. The rise of the Taliban and the eventual establishment of the al-Qaeda camps in Afghanistan had much to do with Pakistan's cynical strategy. Throughout the 1990s, such Pakistani machinations caused considerable tensions with Iran that was uneasy about the emergence of a radical Sunni regime on its borders.

Although since September 11th with Pakistan's final abandonment of the Taliban, its relations with Iran have improved, the specter of instability in Islamabad haunts Iran's leadership. The possibility of the collapse of the current military government and its displacement by a radical Sunni regime with access to nuclear weapons is something Iran must guard against. The detonation of the bomb by Pakistan in 1998 caused considerable anxiety in Tehran with Rafsanjani stressing, "This is a major step toward proliferation of nuclear weapons. This is a truly dangerous matter and we must be concerned." Along with Iraq, Pakistan is a potential threat that Iran must take into consideration as it plots its defense strategy.

Although both Iraq and Pakistan constitute long-term sources of concern, today the United States stands as Iran's foremost strategic challenge. US-Iranian relations have become even more strained in recent years. Under the auspices of the Bush Doctrine, the United States has granted itself the right to employ preemptive military intervention as a means of disarming radical states. The massive projection of American power on all of Iran's frontiers since September 11th has added credence to the Iranian claim of being encircled by the United States.

The remarkable success of Operation Iraqi Freedom in overthrowing Saddam cannot but have made a formidable impression on Iran's leadership. The fact remains that Iraq's anticipated chemical weapons did not deter Washington from military intervention. As an Iranian official confessed, "The fact that Saddam was toppled in twenty-one days is something that should concern all the countries in the region." Conversely, North Korea offers its own lessons and possibilities. Pyongyang's presumed nuclear capability has not only obviated a preemptive invasion, but actually generated potential security and economic benefits. President Bush may loathe Kim Jong Il, but far from contemplating military action, the United States and its allies are considering an economic relief package and security guarantees to dissuade North Korea from its nuclear path. The contrasting fates of Iraq and North Korea certainly elevate the significance of nuclear weapons in the Iranian clerical cosmology.

Post September 11th developments in the Middle East have had a paradoxical impact on the Islamic Republic. Two of Iran's foes, the Taliban and Saddam Hussein, have been overthrown by the United States. In the meantime, Iran's American nemesis is entangled in an Iraqi quagmire, draining its resources and tempering its ambitions. Nevertheless, the Iranian clerical elite expect a turbulent future, which accentuates its sense of insecurity. Iran remains in America's crosshairs, at a time when the US military presence in the region has never been greater. The influential *Iran News* emphasized this point in an editorial stressing, "Based on Bush's record after 9/11, one can only conclude that the US has not invaded our two immediate neighbors to the east and the west just to fight al-Qaeda. Consequently, astute political observers warn that Iran is next on the US list of direct targets." Such anxieties enhance the apparent strategic utility of nuclear weapons to Iran and validate the claim that the Islamic Republic requires such a capability to ensure both regime survival and territorial integrity.

Today, the Islamic Republic stands at crossroads. For the past two years, Iran has been involved in delicate negotiations with Britain, France and Germany, regarding the direction of its nuclear program. Ultimately, the course of Iran's nuclear policy maybe decided less by what Europeans say, than by what Americans do. The nature of Iran's relations with the United States and the type of security architecture that emerges in the Persian Gulf are likely to determine Iran's decisions. It is neither inevitable nor absolute that Iran will become the next member of the nuclear club, as its internal debates are real and its course of actions is still unsettled. The international community and the United States will have an immeasurable impact on Iran's nuclear future. A more imaginative US diplomacy can still prevent Iran from crossing the nuclear threshold and assembling a bomb.

As Iran grabs headlines and as its nuclear program becomes subject of sensationalist accounts and exaggerated claims, it is important to appreciate that this is not the first time that the international community has faced a proliferation challenge. Since the inception of the atomic bomb, many states have looked at its awesome power as a solution to their security problems, and yet their course of action was reversed. In the past two decades, states as varied as Brazil, Argentina and South Africa, eventually retreated from the nuclear precipice. Although each state is different and must be viewed within the context of its national experiences, in all cases, lessened external threats have been critical to relinquishment of nuclear ambitions. In a similar vein, economic incentives such as favorable commercial ties and access to international lending organizations have been effective, as they provide palpable benefits to ruling elites. It is rare, however, for a state that views nuclear weapons as fundamental to its security interests to dispense with such weapons under relentless threats of military reprisal and economic strangulation. Decades of pressure and economic sanctions ultimately did not dissuade Pakistan from pursuing a nuclear option that it felt was necessary for national survival. Similarly, it appears that China's tense relations with the United States ultimately pushed it towards an indigenous nuclear capability irrespective of costs and burdens. In the end, it appears that a clever mixture of incentives and penalties can accomplish more in the realm of counter-proliferation than threats of military reprisal and economic coercion.

As Washington seeks to grapple with Iran's nuclear challenge, it must accept that its doctrine of preemption with its threats and its hostile rhetoric has limited utility in altering Iran's path. Indeed, such belligerent US posture only assists those within the theocracy that insist that the American danger can only be negated through the possession of the "strategic weapon." A more constructive American diplomacy can still go a long way to assure the success of its non-proliferation pledges. The fortunate aspect for the Bush administration is that a diplomatic process is already underway, as the Europeans have been negotiating with Iran for more than two years. It is inconceivable that such negotiations encompassing issues such as security and trade cooperation can succeed with an effective American participation. It is time for the United States to stop standing on the sidelines shouting invectives at both European diplomats and their Iranian counterparts and participate in the talks that can finally resolve Iran's nuclear imbroglio.