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Foreword

The papers presented here are the second volume of papers prepared by the working group entitled “Iran and its Neighbors: Diverging Views on a Strategic Region.” This working group, led by Johannes Reissner, is part of a larger project entitled: “Diverging Views on World Order? Transatlantic Foreign Policy Discourse (TFPD) in a Globalizing World.” This project, under the directorship of Jens van Scherpenberg (SWP), was made possible through a generous grant from the German Marshall Fund of the United States, an American Institution that stimulates the exchange of ideas and promotes cooperation between the United States and Europe in the spirit of the post-war Marshall Plan. The aim of the TFPD, at a time of increasing disjunction in U.S.–E.U. perspectives on world order, is to engage decision-makers and opinion leaders from the United States and Europe in an open exchange of ideas. The papers are the outcome of the discussions held at the third meeting, held on January 9, 2004 at the Nixon Center in Washington DC.

The papers reflect a process that began with the first meeting of the working group in January 2003. Since the time of our first publication in July 2003, the U.S. and Iran have taken small steps in the direction of a rapprochement. This has been facilitated by Iran’s signing of the Additional Protocol to the NPT on December 18, 2003 and the U.S. humanitarian overtures after the Bam earthquake. It remains to be seen whether recent events related to Iran’s parliamentary elections and new discoveries about Iran’s nuclear programme will throw the process, once again, off track. At the same time, the Europeans have continued to engage Iran as demonstrated by the October 21, 2003 agreement on Iran’s nuclear programme and continued interest in (the now stalled) negotiations on the Trade and Cooperation Agreement with Iran and the political and human rights dialogue.

The various papers make it clear that there is still significant divergence between U.S. and European policies towards Iran, especially with regard to the nuclear issue. Nevertheless, recent events do show that the U.S. and Europe are able to work together in this very important region.

We would like to thank all of the authors for their significant efforts and cooperation which made this working group a success. We would also like to reiterate our thanks to the German Marshall Fund of the United States, whose generous support made our working group and the publication of these papers possible. Our thanks also to Geoffrey Kemp and the Nixon Center for their continued support of this working group.

Berlin, February 2004
Johannes Reissner, Iran and its Neighbors Working Group Leader
Eugene Whitlock, Transatlantic Foreign Policy Discourse Project Manager
United States Relations with Iran
As Iranians mark the 25th anniversary of the Revolution that paved the way for the Islamic Republic there is still no end in sight to the stand-off between Washington and Tehran, which began with the famous hostage crisis during the revolution.

**Inequalities and Parallels**

The relationship is an unequal one, obviously. U.S. power is unrivalled and the administration of George W Bush has shown a propensity to use that predominance to set an agenda driven by its declared war on terrorism. In his ‘axis of evil’ speech President Bush singled out Iran, along with Iraq and North Korea for special censure. It served notice that the Islamic Republic must forego weapons of mass destruction (WMD), renounce support for groups designated as terrorists by Washington, including the Palestinian movement Hamas and the Lebanese Hezbollah, cease its antipathy to the Middle East Peace Process and refrain from interfering in the U.S. project to remake Iraq as a democracy.

Herein lies one of the major obstacles to better relations. The United States has laid down its own requirements for Iran, pending fulfilment of which it will not contemplate a rapprochement. The Iranians find this dictatorial and unpalatable. The second problem derives from the internal political dynamics in both Iran and the United States. Those most interested in repairing relations in both countries are constrained by their respective rivals for power. That said, in Iran there is a growing consensus for improving relations with Washington, but competition over who should take the lead in delivering this. On the U.S. side, there is a parallel division between those who would contemplate a deal with Iran and those who want a fundamental regime change first.

While Americans are at pains to explain why they want satisfaction on a whole list of concerns with Iran, the Iranians want to know why they cannot discuss the items on the list and arrive at an agreed agenda for negotiation. Both parties are locked in the logic of their respective world-views. Yet, while there are some influential Iranians with first-hand knowledge of the United States, an understanding of its politics and fluency in English, there are few if any influential Americans with matching knowledge of the Iranian domestic scene and language.

Yet it could be argued that, given its global standing, the United States does not need to base its policies on empathy and compromise, whereas
the Iranians have no choice but to pay attention to what Washington thinks and wants.

The Status of U.S.-Iran Relations

Many of the young firebrands who led the occupation of the U.S. embassy in Tehran in 1979 and held its diplomats hostage have become leading proponents of the reform movement that is dedicated to rethinking the parameters of Islamic rule. But their calls for reform within the system have been overtaken by the demands of the broader, largely youthful population, tired of the machinations of clerics and politicians and impatient for wholesale social and economic change. Meanwhile, the conservative or hardline clerical establishment seems ever more determined to block the path of the reformist elements, denying most of their candidates permission to run in the 2004 Majlis elections.

This means that those elements in Iran on whom the chances of a rapprochement with the United States rested throughout the 1990s have been marginalised. It was with those reformist elements, championed by President Mohammad Khatami, that the Clinton administration had hoped to engage. When they proved unable to deliver change on the Iranian home front, Americans within and close to the Clinton administration, as well as their Republican opponents, began to despair of reaching an accommodation. The U.S. proponents of confrontation, sanctions and international pressure for regime change in Iran regained ascendancy.

Herein lies one of the defining characteristics of the contemporary U.S.–Iran relationship. Those Iranians who know most about the United States, having many of them been educated there and speaking the language, have been out-maneuvered in Tehran and abandoned by Washington. For their part, the leading voices in the current U.S. administration of George W. Bush know little about Iran and could care less about the ‘moderate’ reformist trend, since this has failed to deliver a fundamental reorientation of the regime.

All that lingers of the quiet diplomacy between academics and policy-advisors from the 1990s is a small band of Americans and Iranians who came to know each other, better understand each other, and dream together of overcoming the hardliners in both their countries.

Now the prospects for a rapprochement between Iran and the United States rest on two mutually exclusive possibilities. One is that hardheaded realists in the Bush administration will contemplate a ‘grand bargain’ with their counterparts in Iran, thereby sidelining the reformist trend for good and reinforcing the position of the ‘moderate conservatives’ in Tehran, exemplified by former President Rafsanjani. The other is that the more ideological thinkers in the Bush administration, the neo-conservatives and their Christian Right fellow-travellers, will insist on more pressure and confrontation in the hopes that this will assist a popular uprising against the regime. The proponents of this approach think that...
the new generation of Iranians will be not only secularist but also well
disposed to all things American and by extension the U.S. administration.

This dilemma between whether to forge a grand bargain or hold out for
another revolution is likely to keep the United States from any precipitate
move. In any case, the Americans will want to await the outcome of the
Iranian Majlis elections, not just the poll results but how these will affect
the policy agenda in Tehran. Thereafter U.S. election politics will also
likely take centre stage in Washington, further delaying any significant
new U.S. initiatives toward Iran.

But all is not lost. Possibly, if the Majlis elections deliver a more conser-
vative but pragmatic government in Tehran, ready to embrace both
reform, at least in economic and social terms, and reach accommodation
with the United States, there will be new room for manoeuvre. Alternat-
easily, Iran could face a turbulent period internally and there will be little
room for a U.S. or Iranian initiative until the dust settles in Iran and the
U.S. elections are over.

Whatever transpires, the most pressing issue will likely be the nuclear
one, on which the Europeans and the International Atomic Energy Agency
will remain engaged even if Washington is preoccupied with elections and
Iraq. However, this is not the subject of this paper. Instead, some sugges-
tions are in order on the other issues outstanding between Washington
and Iran.

**Terrorism**

In Iran there were spontaneous demonstrations of sympathy for the
Americans after the attacks of 11 September 2001. No such phenomenon
occurred in the Arab world. Indeed, the Iranians had long been at odds
with the Taliban in Afghanistan and discerned a distinctively anti-Shia
component to the platform of Osama Bin Laden and Al Qaeda. Washington
would do well to capitalise on this shared perception of threat posed by
Sunni Islamist elements associated with Al Qaeda. Even if some Al Qaeda
fugitives did escape into Iran after the U.S. invasion of Afghanistan, that
does not mean that the Iranian government is ready to make common
cause with them.

In keeping with their stance on such matters, the Iranians would like to
cooperate in curbing the power of Islamist terrorists. But this raises
another concern. The Iranians and Americans are operating on different
definitions of what constitutes the terrorist threat. Whereas Americans
denounce the deliberate targeting of civilians whatever the cause, the
Iranians contend that the context does matter. For them Hezbollah and
Hamas are not terrorists but freedom fighters to whom extending aid was
appropriate. They thought, however, that a common stance existed
between the United States and Iran when it came to attacks on their
respective sovereign governments, territory and citizens.

There is room here for the Americans to be clearer than hitherto about
what so incenses them about Hezbollah. U.S. antipathy to the organisation
is only partly to do with the Arab-Israeli conflict. Indeed, the Israelis proved ready to do a prisoner exchange deal with Hezbollah, through German mediation, early this year. For the United States hostility to Hezbollah is partly old business and U.S. business at that. It was Hezbollah that took American and other Western hostages during the Lebanese civil war, blew up the U.S. embassy and U.S. marines. At the time, certainly, Hezbollah was in receipt of Iranian assistance if not leadership but that was under a previous dispensation in Tehran. And if Washington wants redress for what happened then it should separate that quest from its current criticisms of the organisation.

For their part, the Iranians could respond more positively to such clarification of U.S. concerns. After all, in keeping with Iran’s definition of terrorism as acts against their sovereignty and people, Tehran must surely see Washington’s point about what happened in the 1980s.

With respect to Hamas, the opposing views of Washington and Tehran have more to do with their contrasting stands on the Israeli-Palestinian conflict and moribund peace process.

The Middle East Peace Process

Latterly the Americans have tried to explain that in Washington, especially on Capitol Hill, Iran is seen as fuelling the sources of terrorism against Israel. For their part the Iranians contend that media footage of Israeli treatment of the Palestinians has gone some way to revive popular ideological commitment to the latter’s cause. That said, given Iran’s economic malaise and pressing need to effect reforms that will generate jobs, there is a limit to how much ordinary Iranians are prepared to sacrifice or forego in the name of justice for the Palestinians. They were certainly never very enamoured of Yasser Arafat.

Prior to the outbreak of the second Intifada Iranians were coming round to the view that any deal with Israel that the Palestinians were prepared to accept they would not actively oppose. Indeed, the Iranian Foreign Minister has said as much in the recent past. The biggest problem here is that the Iranian government cannot control all the elements in its own system. This is not something that the Americans can be expected to tolerate and they made this abundantly clear following the Karine A incident when a ship-load of arms for the Palestinians was intercepted en route from Iran. By itself that incident ruined the faltering U.S.–Iranian cooperation in Afghanistan and seemingly prompted George Bush to put Iran on his axis of evil.

However, the makings of an accommodation are present on the Israeli-Palestinian issue, if only a peace process could be instituted that promised to deliver a Palestinian state. The Iranians are not alone in puzzling at Washington’s propensity to stand by while the Israelis pursue a policy of occupation, ‘targeted killings’ and repression that only fuels Palestinian resentment rather than diminishing it and promoting peace.
In other words, if there really were a peace process to speak of, Iranian support for the opponents of peace would be indefensible. But in the absence of such a process and the lack of action to implement the ‘two-state’ solution to the conflict envisaged by President Bush, it is more difficult to hold Iran responsible for jeopardising peace. Perhaps more to the point, the Americans might do well to abandon their expectation of both the Iranian government and the Arabs in general that they declare their acceptance of Israel and work against the Palestinian resistance. Instead, it would be more realistic to seek an end to active hostility while leaving calls for recognition of Israel to after a peace process is in train.

**Iraq**

The Americans have done the Iranians two considerable favours. They removed the Taliban from Afghanistan and Saddam Hussein from Iraq. Having once bolstered Saddam’s regime, especially while he was fighting Iran in the 1980s, the Americans had a complete change of heart after Saddam’s invasion of Kuwait. The second Bush administration even cited Saddam’s 1980 invasion of Iran as one of his sins, with the benefit of hindsight. His use of chemical weapons against Iranians in the trenches was another transgression held against Saddam in the run-up to the 2003 U.S. invasion of Iraq. So there should be room for some meeting of minds with the Iranians today.

However, given past U.S. policy and present Bush rhetoric, the Iranians have cause to be anxious that their encirclement by the Americans, with the dual occupations of Iraq and Afghanistan and the presence of U.S. forces in Central Asia and the Gulf, may not be an unmitigated blessing. To reduce the distrust, ideally the United States would show some understanding of Iran’s security concerns. Equally, it would be in Iran’s interests to reach accommodation with the Americans.

Having unleashed a resurgence of Shia consciousness in Iraq the Americans may not be best placed to manage the fallout. It is therefore also in U.S. interests to cooperate with Iran on this. After all, the dynamic of Shia assertiveness is emanating from Iraq not Iran and the latter cannot help but be affected by the potential repercussions. However, the situation is so delicate that it may be up to the Europeans in general and the British in particular to help mediate and pass messages, at least in the near term.

**Prospects**

The Iranians will not, however, be satisfied with the Europeans as intermediaries indefinitely. The big prize and aspiration is direct negotiations with the Americans. For Tehran it would be the recognition and acceptance they crave if only Washington would deal with them state to state, government to government. And so, as was suggested at the outset here, a deal is there to be made, if Washington wants it. The need to cooperate on Iraq may be the decisive factor.
Assuming however that the obstacles to closer relations mentioned above will remain insuperable in the near term, it is to be hoped that, with European assistance from the sidelines, some channels of communication can be nurtured that will limit misunderstandings, avert crises and prepare the ground for when the appetite for more direct and substantive engagement is present on both sides.
European Union Relations with Iran
EU Policy Towards Iran
Belén Martínez Carbonell*

Summary: The EU’s approach towards Iran in recent years has been marked by a policy of “conditional engagement”. The EU has no contractual relations with Iran at the moment but an EU/Iran dialogue has taken place since 1995. Constructive dialogue, on global issues (terrorism, human rights and non-proliferation), regional issues and a few areas of cooperation (there is no significant financial cooperation) has yielded limited yet important results. EU diplomacy contributed to the signature by Iran of the IAEA additional protocol (Tehran Agreement). A future Trade and Cooperation Agreement would be another milestone in relations.

1. The Different Elements of the Dialogue

The very limited EU/Iran dialogue that was initiated in the 1990’s, was extended in 1998 to a Comprehensive Dialogue (following the election of President Khameini in 1997). The political part of the dialogue was then extended to 4 new areas of common concern: terrorism, human rights, non-proliferation and regional issues including the Middle East Peace Process. Although it is in the areas of Human Rights and Non-Proliferation that the dialogue has been more intense, progress and dialogue in all four areas are taken into consideration by the EU when evaluating the political aspects of its relations with Iran.

The Comprehensive Dialogue covers several other areas of cooperation (drugs, refugees, energy and trade and investment). It works through meetings held every 6 months where the EU sits in Troika format at level of Secretary of State/Deputy Minister.

The latest Comprehensive Dialogue meeting was scheduled for December 2003 but the Iranian side decided to postpone it. Reasons for this might have been certain disappointment about EU General Affairs and External Relations Council conclusions of 13 October 2003, which were critical on human rights, and the fact that EU Member States supported Canada’s Resolution at the third Committee of 58th Session of UN General Assembly at a time when Iran considered it was making progress in complying with EU demands in other areas. A new date should be scheduled soon for the next session to take place before the summer.

* European Commission Delegation to the United States.
1 Formation of EU Common Foreign and Security Policy where the EU is represented by the Commission, the Secretary General of the Council and the serving and future EU Presidencies (EU Presidency rotates among member countries in turns of 6 months).
**EC-Iran Cooperation**

There is at present no financial and technical cooperation from the European Commission (EC) to Iran with the exception of limited aid for drugs control in the past and humanitarian aid for the victims of Bam earthquake.\(^2\)

In October 1998, the EU General Affairs and External Relations Council asked the European Commission to establish contacts with Iran to explore possibilities of cooperation. Following a technical meeting with the Iranian side, two working groups were set up:

- A Working Group on Energy was established in 1999. It has held three meetings thus far.
- A Working Group on Trade and Investment met for first time in October 2000. Meetings take place yearly and have been recognised as useful by both sides.
- Ad hoc Expert meetings on drugs have also taken place on a few occasions. With regard to cooperation in this area, the demand for these has come very much from Iran.

**The Specific Case of the Human Rights Dialogue**

In October 2002, following a successful exploratory mission, the EU decided to open a structured Human Rights dialogue with Iran on the basis of standard guidelines for human rights dialogues that the EU has with other countries (e.g.: China). This dialogue is based on a number of mutually accepted principles: no pre-conditions, no human rights issues can be excluded from the dialogue, discussion of individual cases, and regular assessment on the basis of realistic and concrete benchmarks.

These benchmarks include all areas of concern to the EU including, inter alia, Iran’s signing, ratification and implementation of international human rights instruments; co-operation with international human rights procedures and mechanisms; openness, access and transparency; the fight against discrimination; improvements to the prison system. The Human Rights dialogue is pursued without prejudice to the option to table resolutions at the Third Committee of the United Nations General Assembly or the United Nations Commission on Human Rights. The format of the dialogue consists of a round-table including, in both the Iranian and EU delegations, academics, experts and members of civil society, including representatives of some of the main European-based NGOs and the Islamic Human Rights Commission. Representatives of the Iranian Government, Judiciary, and Parliament also take part in the round-table. The round-table is immediately followed by a restricted officials’ meeting conducted

\(^2\) Since the earthquake in December, the EC has channelled 2.3€ m through major international humanitarian organisations such as the Red Cross, the UN or major NGOs and financed a co-ordination team on site. It continues to consider further requests and to monitor the situation closely.
The EU Policy Towards Iran by the EU Troika, the Iranian Government and Judiciary. Two sessions a year are held.

The view of the European Commission is that the dialogue has proven useful so far and, although tangible results are not so evident, it has contributed to further mutual understanding and some—albeit limited—progress has been made. The view conveyed by Iranian interlocutors is that they, too, have found the dialogue useful and fruitful.

2. The TCA

Trade relations

The EU is a significant trade partner for Iran. In 2001, the EU held a 28 per cent market share, followed by Japan with 13.4 per cent. In the same year, Iran’s main suppliers were the EU (37.2 per cent of total imports), followed by Russia and UAE (a bit more than 5 per cent each). From 1980 to 2001, EU imports from Iran grew by an average 2.7 per cent per year, and EU exports by 2.5 per cent.

With regard to EU position on U.S. legislation on trade relations with Iran and in particular ILSA (Iran and Libya Sanctions Act); the EU, as a matter of law and principle, is opposed to the extraterritorial application of such domestic legislation. The EU has forcefully expressed, though a number of representations and demarches, its opposition to this kind of legislation—or any secondary boycott and sanction having extraterritorial effects. Furthermore, on 22 November 1996, the European Commission adopted Council Regulation 2271/96 (the so called “blocking statute”) with a view to protecting the EU and its economic operators, against the effects of extra-territorial legislation of this sort adopted by third countries.

**EU supports Iran’s WTO membership as a means to promote economic and political reform in the country.**

The negotiations of the TCA (Trade and Cooperation Agreement)

The EU General Affairs and External Relations Council agreed in June 2002 to open negotiations with Iran which would cover political aspects as well as trade and co-operation agreement. There was agreement to negotiate the TCA as a Community agreement (negotiated by the European Commission on behalf of Member States) linked to separate instruments on political dialogue and anti-terrorism (negotiated by the EU3).

The fact that these two tracks of negotiations are taking place in parallel and need to be concluded in parallel emphasises their interdependent character. The main advantage of separate negotiations is that the ratification procedure will not require the lengthy process of passing through...
all (soon to be 25) national parliaments of Member States. For the political and counter-terrorism elements, negotiations will conclude with the signature of a politically binding declaration between the EU and Iran.

The Directives given to the Commission were formally adopted on 12 July 2002 and the negotiations of both the Community (TCA) aspects and the political and counter-terrorism aspects were formally launched in Brussels on 12 December 2002. Since then, three negotiating rounds have taken place. An informal pause has been in effect since June 2003 against the background of the need to focus on specific issues of concern on the EU/Iran political agenda (e.g. non proliferation matters). Although there are no explicit linkages to these issues, the EU will consider how to proceed in terms of resuming negotiations, against the background of the results of the IAEA Board meeting foreseen for March 2004 and the new ElBaradei report.

This Agreement would, once concluded, put Iran’s trade and co-operation relations with the European Union on a contractual basis. The elements to be included in the Agreement be discussed in negotiations but it is expected that most of the standard elements in agreements between the EU and Third Countries will be included. The political elements of the Agreement will provide a framework to conduct regular political dialogue consultations on international issues of mutual interest, fostering mutual understanding and promoting greater convergence of views. In particular, the agreement would include essential provisions on a) respect for the democratic principles and fundamental human rights established by the Universal Declaration on Human Rights, b) cooperation to counter the proliferation of Weapons of Mass Destruction and their means of delivery, in line with the conclusions of the November 2003 EU General Affairs and External Relations Council4 and c) exchange of information and joint efforts to prevent and fight against terrorism, including implementation of relevant UN resolutions.

Since the early 1990s, the EC has included more or less systematically a “human rights clause” in its bilateral trade and co-operation agreements with third countries, including association agreements such as the Europe agreements, Mediterranean agreements and the Cotonou Agreement (with African, Caribbean and Pacific countries). A Council decision of May 1995 sets out the basic modalities of this clause, with the aim of ensuring consistency in the text and its application. Since this Council decision of May 1995, the human rights clause has been included in all subsequently negotiated bilateral agreements of a general nature (excluding sectoral agreements on textiles, agricultural products etc.). With the inclusion of this clause, an agreement can be (and has been in the past) be suspended on human rights grounds.

In the economic area, the agreement will cover—on a non-preferential basis—a wide range of issues such as trade in goods, services, public

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4 Those conclusions defined the elements to be included with regard to WMD in all Agreements to be signed by the EU.
procurement, rules for the protection of intellectual property rights, as well as dispute settlement provisions in line with those in the WTO. The agreement could also foresee co-operation in a large number of areas including customs, transport, tourism or the environment.

Cooperation in many other areas can also form part of an Agreement. This can extend from education and culture to the fight against crime, money laundering drugs and combating terrorism as well as the re-admission of nationals and non-nationals illegally arriving on the territory of one party from the other. Co-operation in the field of Justice and Home Affairs can also be considered.

It has to be noted that it is EU Policy to consider the agreements as framework for dialogue through structured discussions which can allow for, in a certain way, “agreed room for interference” in each other's business. Although the EU does not set benchmarks against which a country’s performance on certain issues is required in order to sign the agreement, the country has to prove serious willingness to undertake the commitments it signs up to. It is obvious that the EU will take into consideration progress or deterioration in the situation in the country while negotiating an agreement and before deciding on the signature. Members of the European Parliament will have the same type of considerations in mind when asked to ratify it.5

3. Weapons of Mass Destruction and the Tehran Deal

WMD is one of four key areas of concern with Iran as stated in the General Affairs and External Relations Council conclusions of 17 June 2002 which paved the way for the launch of the TCA negotiations, and is regularly raised in bilateral contacts and in the Comprehensive Dialogue.

The EU issued General Affairs and External Relations Council conclusions on Iran on 16 June 2003, urging Iran to urgently and unconditionally sign the IAEA Additional Protocol. These were followed by a European Council statement in Thessaloniki along the same lines. High Representative Solana naturally insisted on transparency and compliance from Iran during his visit to Tehran on 30 August 2003 where he had talks that were deemed quite constructive. He noted that a number of questions remain concerning inter alia the IAEA finding traces of enriched uranium.

At the IAEA Board Meeting on 8–12 September 2003, an EU statement was issued. The United Kingdom, France and Germany tabled a draft resolution, as did South Africa. These two drafts were subsequently replaced by a new text which formed the basis of the Board’s discussions and the resulting resolution on 12 September. The EU General Affairs and External Relations Council issued new conclusions on Iran on 29 September, maintaining its pressure.

5 It has been the case—as it is at the moment with Pakistan—that an Agreement is blocked by the European Parliament on grounds of democratic deficit/regression or human rights considerations.
On 21 October, the three Foreign Ministers (with EU Presidency's support) visited Tehran and obtained assurances of a suspension of enrichment activities, immediate application of the Additional Protocol and its imminent signature. In exchange, the three countries would be increasingly flexible in terms of future transfer of technology. The deal (Tehran Agreement) leaves many questions open but was widely recognised as a positive move that enabled matters to go forward in Vienna.

The General Affairs and External Relations Council conclusions of 9 December reiterated the EU’s willingness to develop cooperation with Iran but continued to hinge this on progress in the four areas of concern. In its discussions on 26 January, the General Affairs and External Relations Council decided to wait for Dr ElBaradei’s report.

4. EU/Iran: Towards Where?

While the EU has stepped up its pressure and not set a new date for the next round on TCA and political agreement negotiations, other meetings (Comprehensive Dialogue, Human Rights Dialogue etc.) continue to be planned as before. The Conclusions of the General Affairs and External Relations Council of 9 December 2004 provided guidance on future of TCA negotiations: reiterated the EU’s willingness to develop cooperation with Iran but continued to hinge this on progress in the four areas of concern.

“The Council reiterated the EU’s readiness to explore ways to develop wider political and economic cooperation with Iran. This can only be achieved through full international confidence in Iran’s adherence to non-proliferation and, in particular, in the peaceful nature of Iran’s nuclear programme, as well as improvements in the areas of human rights, fight against terrorism, and Iran’s position on the Middle East Peace Process.

The Council requested the High Representative to visit Teheran early in 2004 to discuss the modalities of taking forward the EU’s dialogue with Iran in all areas.

The Council agreed that it would review progress in all areas of concern in the light of J. Solana’s visit and the next report of the Director General of the IAEA.

The Council discussed the EU’s relations with Iran in the light of the November IAEA Board of Governors meeting. It fully supported the AIEA resolution of November 26 and welcomed Iran’s commitment to fully and promptly comply with its requirements, including immediate implementation pending the entry into force of an Additional Protocol to its safeguard arrangements and the suspension of all enrichment-related and reprocessing activities”

Iran’s signature of the Additional Protocol on 18 December 2003, and its continued commitment to act in accordance with the Protocol pending its entry into force was encouraging. During his visit to Iran (12–13 January), HR Solana underlined the importance of 100 per cent compliance and a positive outcome of ElBaradei report in February. The visit took place precisely at the heat of the crisis over the disqualification of many reform-
HR Solana stressed at a press conference the importance of fair and free elections and the fact that although an internal matter, it would have a negative welcome in Europe if it was not resolved satisfactory way.
The EU–Iran Human Rights Dialogue
Frauke Seidensticker*

Background
In June 2002, the EU announced it was entering into negotiations for a Trade and Cooperation Agreement (TCA) with Iran, which would be accompanied by a political agreement. It made clear that the deepening of economic and commercial relations between the EU and Iran should be matched by similar progress in all other aspects of relations with Iran; in particular, the EU was expecting significant positive developments in four areas of concern: human rights, non-proliferation, combating terrorism and the Middle East Peace Process. Thus, the actual situation of human rights in Iran was supposed to be one of the factors to determine future progress in EU–Iranian relations.

Framework. An exploratory mission conducted from September 30 to October 1, 2002 resulted in the decision to establish a Human Rights Dialogue with Iran. The October 21, 2002 decision in favour of this dialogue states it is be carried out “in the interest of achieving significant improvements in the situation of human rights in Iran.” The key characteristics of the dialogue, which is carried out under the EU guidelines on Human Rights Dialogues from Dec 13th, 2001, include: (1) no conditions should be attached to this dialogue—such as the tabling of a resolution on human rights issues in a UN-body; (2) no human rights issue should be excluded a priori; (3) both parties are free to terminate the dialogue whenever they choose; and (4) the results are to be evaluated on the basis of benchmarks. The dialogue takes place on two levels: A Round Table with experts from Europe and key actors for human rights from Iran and restricted talks between the EU and the Iranian government about concrete steps undertaken by Iran to fulfil its human rights obligations.

Agenda. The Main areas of concern to be discussed include: violations of civil and political rights, systematic discrimination against women and girls, discrimination against minorities, the death penalty, stoning and torture. The EU stated that it expects that Iran will: ratify key human rights treaties such as the UN-Convention against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (CAT) and the UN-Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); make certain improvements to the judicial system; enforce the rule of law and invite human rights mechanisms of the United Nations into the country.

* German Institute for Human Rights.
To date, three two-day Round Tables, followed by restricted talks between the EU and Iranian government representatives, have taken place. The first Round Table, held in December 2002 in Tehran, dealt with discrimination issues—relating to men and women, racial discrimination and to rights of migrants and refugees—as well as with torture. The second Round Table took place in March 2003 in Brussels and focused on a range of topics under the heading “rule of law”: the roles of judges, prosecutors and defence lawyers, the independence of the judiciary and the fairness of trials. The third Round Table was again held in Brussels and it dealt with the freedom of expression and the media, parliamentary immunity and the right to development.

Participants. Both sides are free to choose the composition of their delegations for the Round Tables. The Iranian delegations were composed of representatives from the foreign ministry, the presidential office, the judiciary, parliament, academia, the Islamic human rights commission and NGOs. The European Union invited a range of human rights experts from academia, national human rights institutions and NGOs, representatives of the present and incoming EU chair, as well as officers from the commission and the EU. Members of the European parliament also took part in the third Round Table.

In order to guarantee a certain continuity, some participants on both sides took part in all or most Round Tables. Overall around 40 Iranians and 45 Europeans have already taken part, representing different circles and spheres of influence, and they will certainly carry some ideas back to their reference group.

Conduct of the Meetings. Participants are requested to follow certain guidelines for presentations and discussion which are based on the principle that the presentations should illustrate how either European countries or Iran seek to solve the problems related to human rights violations. References to the national, regional and international legal framework are desired, and the referee is invited to use concrete examples. Both sides present their views in short speeches, followed by an open discussion.

The EU delegation receives oral instructions, prior to the Round Table meetings, which provide that statements should relate to the laws, rules and views of their own region and rather than to Iran. The dialogue is to be constructive, respectful and non-confrontational and delegates should not mention or discuss individual cases in Iran. Delegates are encouraged to present case studies analyzing human rights problems in Europe because they have the additional value of demonstrating that European countries, not just Iran, also have difficulties solving human rights problems.

As a result of these guidelines, the official Round Tables take place in an atmosphere of respect and dialogue—they are an expert meetings and not negotiating sessions. Nevertheless, presentations from both sides are frank
and outspoken, and different views are spelt out. In addition, heated discussions arise not only due to a difference in views between Europe and Iran but also due to diverging opinions within the Iranian delegation. This divergence was most clearly visible during a discussion of corporal punishment. There were those who argued that corporal punishment is a form of torture. Others disagreed on this definition and advocate the continuation of corporal punishment as part of the Iranian Islamic law and reject the ratification of the CAT for this reason.

Frank talks focusing on concrete human rights cases and issues do take place in the closed meetings between the Iranian government, the EU chair and the commission that normally follow the Round Table discussions. Presumably these meetings have considerably more political relevance than the expert meetings. Although the results are not made public, some conclusions can be drawn from the EU statements following the dialogue meetings.

**Evaluation of the Dialogue**

While the Council discusses results and progress after each meeting, a thorough evaluation is not expected until 2004. The EU will certainly base this evaluation on EU-guidelines on Human Rights dialogues. These stipulate civil society involvement in the evaluation, an assessment based on objectives and benchmarks set before the dialogue has been taken up as well as an analysis of how far the dialogue has contributed to improvements in the human rights situation. Thus, only a preliminary evaluation can be undertaken here. As the benchmarks set by the EU have not been made public, only the concerns and expectations stated in the Council decisions will serve as criteria.

**Quality of the Round Tables**

The overall dialogue should be evaluated in terms of concrete improvements for human rights on the ground. Nevertheless, the atmosphere, level and outreach of discussions do play a role in obtaining these improvements.

The participants of the Round Tables appreciated the openness and quality of dialogue as much as the EU. Talks were conducted on a high level, and the European participants were impressed by the diversity of opinions expressed on the Iranian side. Even though important representatives of the judiciary took part, the absence of representatives of the Council of Guardians and of the office of the Supreme Leader was regretted. In general, the Iranian discussion partners were more familiar with international and European norms than the Europeans were with Iranian national law. For this reason, the EU called in more experts on Iran and

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the region in order to add to the participants of European delegation who were selected for their expertise in human rights.

The main point of contention for the Europeans was the enormous reservations on the Iranian side against the participation of non-governmental organisations. One NGO was prevented from attending the first Round Table based on weak arguments. It is assumed that the third Round Table had to take place in Brussels again because the Iranian government had objections against the presence of international human rights NGOs in Tehran.

Another weakness of the talks was the tendency by representatives of the judiciary to refer to rules, laws and the constitution instead of the practical human rights situation on the ground. European delegates, who are requested not to discuss individual cases, are not in a good position to counter these theoretical arguments.

Due to the format of the Round Table, an in-depth exchange of ideas cannot take place. The dialogue should be accompanied by a series of workshops and meetings where topics raised during the dialogue can be discussed in more depth with representatives of the judiciary, academia or NGOs. One workshop on the issue of torture was conducted within the framework of this dialogue and this format was useful for more intensive discussions. The dialogue would gain in credibility though if other issues, such as women’s rights, freedom of the press or freedom of religion were also discussed in similar meetings with the relevant target groups.

**Results of the Dialogue**

While the benchmarks for the dialogue are not publicly available, there are three main areas of concern where Iran is expected to make progress:²

1. A decline in the number of human rights violations (special reference to freedom of expression and association, discrimination and to civil and political rights in general);
2. Progress in the field of the rule of law and reform of the judicial system; and

Iran has already taken some concrete steps and the EU has acknowledged them:

- During the closed negotiation session in October 2003, the Iranian side for the first time provided information on individual cases.
- The general invitation to thematic human rights mechanisms of the United Nations issued in July 2002 was followed up by two visits in 2003 and one visit scheduled for 2004:
  1) the Working Group on Arbitrary Detention visited Iran in February 2003.³ The working group appreciated the level of cooperation during their visit, but expressed concern about the quality of the

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² e.g. Council conclusions on October 21, 2002, para 3.
follow-up of letters and the implementation of the recommendations that resulted from the visit.

(2) Ambeyi Ligabo, the UN Special Rapporteur on the Promotion and Protection of the Right to Freedom of Opinion and Expression went to Iran in November 2003. His report was published just recently. Unsurprisingly, it is a very critical report.

(3) Arrangements for a visit of the Working Group on Enforced Disappearances in early 2004 are under way

In spite of the regret expressed by the Working Group on Arbitrary Detention about the implementation of their recommendations, the fact that UN-human rights representatives are back in the country after seven years is in itself—albeit small—progress.

Prosecutors Offices were re-instated, at least in Tehran, and a decision was taken to open other offices soon. In addition, a de facto moratorium on stoning was noted as a positive step.

Last but not least, intense discussions took place in the Majlis and on other levels about the ratification of CEDAW and CAT. Even though the Council of Guardians has blocked the decision, the efforts of other forces of society will have contributed to the growing knowledge and political will to ratify these conventions.

Despite recognising these steps, the European Union, having stated that it expects “significant improvement,” remains reserved about the overall progress in the human rights field in Iran. In its conclusions from October 13th, 2003, the Council declares itself “deeply concerned” by the amount and gravity of human rights violations occurring in Iran. Special reference is made to the right to freedom of expression, being of particular importance on the eve of Parliamentary Elections. Other grave accusations relate to the death penalty and public executions, to torture and to other forms of cruel, inhuman and degrading punishment. The Council expresses the hope that the Expediency Council will remedy the Council of Guardian’s verdict against ratification of CAT and CEDAW. As already stated at the outset of the dialogue, the European Union is free to table or co-sponsor a human rights resolution concerning Iran in bodies of the United Nations, and this is what in fact happened in December 2003 at the Third Committee of the General Assembly. Whereas the European Union as such did not sponsor the resolution, many member states of the EU sponsored the resolution, which is firm and sharp. Admittedly, in early 2003, the EU had decided against tabling a resolution on Iran at the 59th Session of the UN Human Rights Commission.

Voices from international human rights NGOs are, as is to be expected, even more critical.

Human Rights Watch published a harsh press release after the third dialogue relating to a series of cases of harassment because of the exercise of the right to freedom of expression. The organisation concludes by urging the EU to press for concrete results and for transparency on the Iranian side regarding individual cases and by calling on the EU to co-sponsor the resolution on Iran by the Third Committee of the UN GA.
detailed assessment of the dialogue has been undertaken by the Fédération Internationale des Ligues des Droits de l’Homme (FIDH). Apart from concerns already expressed by the EU, FIDH reproaches Iran for nearly complete non-compliance with recommendations by other UN human rights bodies and underlines the appointment of Mr. Mortazavi as Attorney-General of Tehran as being extremely worrisome since Mr. Mortazavi was responsible for severe cuts in the freedom of expression, freedom of the press, and for repressive measures against professional lawyers. FIDH also points to the severe discrimination faced by religious minorities such as the Baha’i.

The EU concludes in October 2003 that elections in early 2004 should be seen as a “crucial point for credibility” regarding freedom of expression. If, of course, apart from the results of the thorough evaluation of the dialogue, this is seen as a cornerstone for the decision in favour of continuing the dialogue, signs are not encouraging. Nevertheless, given the steps Iran has undertaken and looking at the quality of the dialogue, some room for developments should be given. If the evaluation proceeds in 2004, it will be assessing a period of less than two years, which is relatively short.

In the long term, progress will depend on Iran’s investment in a continuation of the TCA. Is there enough leverage on the side of the EU to press for improvements in the field of human rights within the framework of this overall cooperation? If not, the question remains whether to break off of the dialogue will lead to improvements for human rights on the ground.

4 Such as the Human Rights Committee, the Committee on the International Covenant on Economic, Social and Cultural Rights and the Committee to the Convention on Elimination of Racism and Discrimination.
Iran and the Problem of Proliferation
Responding to Iran’s Nuclear Challenge:  
Delay Is Victory  
Patrick Clawson*

The late 2003 IAEA deal at its best addresses only a small part of the Iranian nuclear proliferation threat; at its worst, the deal could become a significant obstacle to responding to the Iranian nuclear threat. The test will come over time—which is convenient for the Bush administration, because the United States is so absorbed now with reconstructing Iraq that it would rather postpone difficult decisions about Iran.

Likely Consequences of the IAEA Deal

The best outcome from the IAEA deal would be that it leaves Iran completely free to pursue one of the two routes to the fissile material for a nuclear bomb: namely, the plutonium route as distinct from the uranium route. The uranium route is blocked by the IAEA deal so long as enrichment is in fact suspended. However, the plutonium route remains wide open. Here the issue is the Bushehr nuclear power reactor. The 21 October agreement between Iran and Britain, France, and Germany is carefully worded such that the three European states make no commitment regarding Bushehr or nuclear power, but it is a fair reading of that deal to say that it implicitly blesses Bushehr. After all, the three European governments made no objection to the completion of the Bushehr nuclear power reactor. Those three governments have a history of not objecting to Bushehr, and the 21 October agreement shows that they have not changed their stance in light of the discoveries about Iran’s clandestine nuclear activities, whereas they did change their position about Iranian enrichment. On the matter of principle—does Iran have to give up some of the rights to peaceful nuclear technology that it is guaranteed by the Treaty on the Non-Proliferation of Nuclear Weapons (NPT)—Britain, France, and Germany took a clear stance: yes, Iran does have to give up some of those treaty-protected rights. But on the matter of practice—does that including foregoing nuclear power generators—the three European countries did not take a stand, which is in effect agreeing to allow Iran to proceed with Bushehr.

For years, the Clinton administration refused to sign on to any nuclear deal which accepted Bushehr. For many Clinton officials, their main concern was that Bushehr was a cover for clandestine activities. And indeed, so long as Iran is allowed to operate Bushehr, it will have such a large nuclear industry that it will be difficult to detect what it is doing secretly. Recent experience suggests that detection of clandestine nuclear activity is a difficult challenge for the U.S. intelligence community. The poor perfor-

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mance regarding Iraq, Iran, Libya, and North Korea—four misses in four cases (one overestimation and three underestimations)—does not inspire confidence that clandestine Iranian facilities could be detected. In light of the recent problems with intelligence detection of clandestine activities, it would seem appropriate to reconsider whether a country which has acknowledged an eighteen-year record of lying to the IAEA should be allowed to proceed with a facility so large that it will facilitate hiding clandestine activities in its shadow.

In addition to which, Bushehr is, to blunt, a bomb-making machine. Nuclear power plants are so large that, even though they are inefficient producers of plutonium, they produce massive amounts of that dangerous material as a by-product of their operations. When the Bushehr nuclear power plant is fully operational, the fuel in the plant will have in it sufficient plutonium for more than fifty nuclear bombs. To extract that plutonium would require a reprocessing facility, but this is not particularly difficult for a country such as Iran. After all, Iran has acknowledged that it did research on reprocessing, building lab-top facilities which successfully simulated plutonium reprocessing. U.S. nuclear laboratories have estimated that a full-scale facility would take less than $10 million to construct and would take up less than one hundred square meters. Detection of the facility would be a daunting task. And were Iran to divert fuel into such a facility, there would only be a narrow window of opportunity for detection, because going from reactor fuel to sufficient material for a bomb takes only weeks, not months.

The problem of spent fuel only makes matters worse. The spent fuel unloaded from the Bushehr reactor will be so radioactive ("hot") that it would, under normal industry best practices, sit for several years in cooling ponds before being shipped to its ultimate disposal site. It is not clear from a technical point of view how quickly the shipment could occur even if specialized equipment is developed for this purpose, but it would seem unlikely that the spent fuel could be moved for at least a year. That would leave in the cooling ponds at Bushehr spent fuel with enough plutonium to make at least several dozen more bombs. And this is on the optimistic assumption that Iran and Russia come to an ironclad agreement about return of the fuel at an earlier date than is the industry norm. By contrast, more than six years of negotiations have occurred since Moscow first announced that a deal had been agreed to in principle, and Iran is still taking a tough stand in those negotiations. It is by no means clear that the spent fuel issue has been resolved satisfactorily.

What has been described up to now is the best case for the IAEA deal. The reality could be much more negative. Consider the worst case which could occur—understanding that the most likely case is some place in between the best and the worst. In that worst case, Iran chips away at the deal, cooperating just enough to avoid crisis. For instance, Iran continues to assemble centrifuges and announces that it intends to resume enrichment at a later date (even suggesting that it anticipates selling enriched reactor-grade fuel to other countries), while new information emerges
showing that Iran has been less than completely forthcoming about its past nuclear activities (Note that in January and February of 2004, after this paper was delivered but before the text was finalized, all of these developments took place). In the worst case, Europe and the IAEA emphasize process over substance, saying that what matters most is that Iran remains engaged in discussions about its activities. While those discussions continue, bogged down in details about whether Iran was violating the letter of the agreement or just its spirit, Iran in practice advances towards a nuclear bomb. In other words, the IAEA deal becomes the cover under which Iran moves forward. And the existence of the deal impedes international consensus on the need for forceful action to prevent Iran from achieving at the very least an ambiguous nuclear status, in which Iran's neighbors have to assume that Iran has a nuclear weapon even though Iran may not openly acknowledge such possession.

Whether the IAEA deal turns out to be a net plus or a net loss for counterproliferation depends on several factors. The most obvious is how rigorously the deal is applied, for instance, does Iran provide full information about all its nuclear activities? Does the suspension mean that Iran stops building centrifuges or simply does not make use of the centrifuges which it is preparing? But in addition, a key factor is who makes better use of the time that the deal provides. Delay may be victory, if with time, a better atmosphere develops for strong action about the Iranian proliferation threat: Iraq could be stabilized, domestic Iranian pressure against the hardliners could grow, and transAtlantic rifts could heal. To make time work for the nonproliferation cause, two key actions are required. First is to broaden and deepen the international consensus that Iran must not acquire nuclear weapons. It would be useful if the Iranian hardliners were firmly convinced if they continue to develop such weapons, Iran would face military reaction—possibly preemption but certainly sharply increased military presence aimed at deterring Iran. The second key step is to prevent further destabilization of the region. That means inducing Russia not to fuel Bushehr anytime soon, because that would greatly complicate the effort to control Iran’s nuclear ambitions. It also means reassuring other regional states who may be concerned that they need to rethink their nuclear posture if Iran is moving towards a situation of nuclear ambiguity. There have been disturbing rumblings from Saudi sources that Riyadh is reconsidering its stance, and there are many in Egypt who would welcome an opportunity to reopen the debate about an Egyptian bomb.

It would be nice to think that delay would also allow time to demonstrate to Iran that nuclear arms will hurt its security. Any Iranian nuclear progress would start an arms race which Iran would surely lose. Iran does not have the same access to modern conventional weapons from the West enjoyed by its neighbors Turkey or the GCC states. Iran would be in a worse situation if its nuclear activities lead Saudi Arabia and Turkey to also acquire nuclear arms, or if Israel were to explicitly and directly target Iran. And Iranian nuclear progress would almost certainly draw a U.S. response—at least greater U.S. military presence and more sales of more
advanced weapons system (e.g., anti-missile systems). Plus the threat from a nuclear Iran could lead Iraq to develop a serious army, with U.S. encouragement and modern weaponry. On top of which, nuclear weapons would do nothing to address Iran’s most pressing security threat, which is the potential for a failed state on its borders, whether that failed state be Pakistan, Afghanistan, Turkmenistan, Azerbaijan, Armenia, Iraq, or Saudi Arabia. All these are good rational arguments, but it would be optimistic to think that any of them will penetrate the Iranian hardliners. They are too strategically lonely to think clearly: they do not have strategic allies with whom they can reason together.

**Nuclear Proliferation in the Context of Overall Western Interests in Iran**

Dangerous as it is, Iran’s nuclear program is not the only issue on the West’s policy agenda with Iran. At least three matters are of great concern. First is what stance Iran takes towards its neighbors Afghanistan and especially Iran. Iran has much potential to reinforce or alternatively to undermine Western-led stabilization of those societies. So far, Iran appears to be actively positioning itself in an effort to influence developments, with vigorous programs sending in political agents and agitating against Western influence, as well as sophisticated television and radio broadcasting. However, evaluations differ about how much success Iran is having at securing local support. Clearly Iranian influence is rejected by many in Iraq; indeed, the tens of thousands of Iranian pilgrims flooding into Iraq generally bear the message that the Iranian political model is a failure. However, some Western officials argue that rather than trying to win over the locals, Iran’s method is for its local agents to intimidate opponents into silence. Be that as it may, to date there is little evidence that Iran has sponsored or encouraged armed attacks on coalition forces. So long as Iran refrains from using military force, the coalition response to Iranian political efforts will be to entice those influenced by Iran, not to attack them. In other words, the United States will watch with concern Iranian activities in Iraq, but will do no more.

Second is Iran’s support for terrorism on several fronts. Iran’s support for anti-Israel, anti-U.S. terrorism has been an effective power-multiplier. Iran has paid little cost; its actions has brought little retaliation even by the United States or Israel. Consider that despite the broad international consensus against Al-Qaeda, Iran has been able to be at best vague about what action it was taking against Al-Qaeda operatives on its soil, without much international pressure on Iran to clarify its stance—and this in place of repeated reports that Iran was at the least turning a blind eye to the activities of some Al-Qaeda operatives. By contrast, Iran has reaped high rewards from its support for terrorism: greater influence in Arab/Sunni world, an enhanced image as leader of world’s radical Muslims, and at times—such as in Lebanon after the 1983 Marine barracks bombing—a significant Western retreat. Given this incentive structure, it would be
optimistic to think that Iran is going to stop its support for terrorism on its own, without pressure by the West. In particular, it is implausible to think that there can be a lasting Israeli–Arab peace so long as Iran actively arms and funds those determined to destroy the state of Israel. Many in Europe complain that the United States does not do enough to bring about an Israeli–Arab peace; one step that the United States and Europe together could take to that end would be to press Iran about its support for those killing Israeli civilians and denying Israel’s right to exist.

Third is the fate of the reform cause in Iran. After the 1997 election of Mohammed Khatami as president, it was assumed inside and outside Iran that the country was on an irreversible path towards reform; the only question was, at what pace. That has proved to be wrong. The reality has been depressing. The simple fact is that Iran has a strange government system, in which the formal institutions are mirrored by more powerful revolutionary ones in every sphere, from the military to the economy, the legislature, and the courts and police. Contrary to widespread expectations, the revolutionary institutions have steadily gained power while the formal government has been losing power and credibility. The reformers—whose only power is in the formal government—are fading, as the Islamic Republic becoming less republican. Paradoxically, as the hardliners consolidate their control, the Islamic Republic is also becoming less Islamic, that is, the hardliners are using their increasing power to tighten their grip on society with more concern for their power than for ideological zeal. Indeed, the hardliners have been prepared to strike deals rather than to see their power threatened. The most important such deal has been with the Iranian people. Social restrictions—especially on dress and entertainment—have been loosened, while political restrictions have become tighter.

The other significant deal has been with the international community, namely, Iran’s agreement to suspend enrichment. That deal was not done by the reformers. Quite the contrary: the agreement with the British, French, and German foreign ministers was signed by a hardline official who did not even allow Iran’s foreign minister to become involved in the decision. The episode laid bare the structure of power in the Islamic Iran: the formal government can do nothing of importance, while the hardliners are pragmatic in the sense that they put remaining in power ahead of any ideology. The depressing conclusion is that Iran is looking more and more like Syria: an anti-Western thugocracy which will do the minimum needed to deflect external pressure, while retaining a tight grip on the people and watching the country slip slowly backwards economically and socially.

The quandary for the West is the cruel dictators running Iran may offer an attractive geopolitical concession—e.g., suspending their enrichment program—but only in return for the West agreeing to work with them, which in practice means abandoning the cause of democratic reform. This is the grand bargain the United States has for years made with Middle Eastern dictators: cooperate (minimally) on geostrategy in return for
silence about domestic reform. By allowing Middle East rulers to crack down on the opposition, that bargain fueled the forces of radicalism, channeling them into anti-Americanism—with the result that 3,000 Americans were killed on September 11, 2001. That experience showed that the “pragmatic” approach of doing geostrategic deals with dictators is a loser. It will be tough to persuade U.S. officials to go down that route with Iran.

Furthermore, it is by no means clear how stable is the present Iranian system. The hardliners are determined to hang on to power, but the people hate them. One can offer many, many reasons why Iran will not have a revolution. But it is worth bearing in mind that there are few if any cases in the last two hundred years in which country experts ever accurately predicted a coming revolution. And Iran has had repeated experiences with mass popular mobilizations forcing changes in government policy—the 1871 Tobacco Protest, the 1906–10 Constitutional Revolution, the 1951–3 oil nationalization, and the 1978–9 Islamic Revolution. It is no exaggeration to say Iran has had more revolutions in the last 150 years than any other country on earth. It would be imprudent to assume that the pattern of Iranian history has ended and that Iranians will suffer rather than revolt.

In short, there are weighty reasons to reject a geostrategic deal with the current Iranian hardliners. It is by no means certain how long they may be in power. It is not clear if the West would benefit from abandoning the most democratic mass movement in the Middle East in return for a geostrategic deal with brutal dictators. Plus the hardliners may structure a deal in such a way that they can continue to pursue their objectionable activities without violating the deal, e.g., suspend uranium enrichment while developing a nuclear weapon with reprocessed plutonium. Given these risks, the West would do well to insist on strict terms for any deal with the Iranian hardliners, while simultaneously preparing for the possibility that they will step up their pressure on the West, e.g., by increasing their support for terrorism or sponsoring attacks on Western forces in Iraq and Afghanistan.

That said, the U.S. priority for 2004 is Iraq. There, the United States is having problems with what is in effect a war, and in that war, Iran can cause serious problems if it is so minded. Until Iraq stabilizes, the United States is not in a good position to make a major push on Iran. Therefore, Washington’s preference will be to find ways to delay and deter Iran until a more opportune time.
The Prospects for Nuclear “Roll Back” in Iran

Michael Eisenstadt*

Although it may not be feasible now or in the near future, the U.S. should not exclude the possibility at some distant future date of nuclear roll back in Iran—particularly in light of Libya’s recent surprise decision to scrap its nuclear, chemical, and ballistic missile programs.¹

Since World War II, there have been nine cases of nuclear roll-back: Argentina, Brazil, South Africa, South Korea, Sweden, Taiwan, Belarus, Kazakhstan, and Ukraine (and if Libya follows through on recent commitment, there will be ten). Argentina and Brazil abandoned their nuclear weapons programs following the transition from military to civilian rule in both states. South Africa, despite a significant investment in nuclear weapons, gave them up with the end of the Cold War and apartheid. And Belarus, Kazakhstan, and Ukraine—successor states of the Soviet Union—gave up their nuclear inheritance in return for political and economic blandishments by the U.S. and others. In light of these successes of the past decade or so, it is worthwhile assessing the various factors that have led to roll back elsewhere, and consider their relevance to Iran.

Studies of roll back have identified five key factors critical to roll back decisions: political change, altered perceptions of the military utility of nuclear weapons, external pressure and inducements (such as financial blandishments, and positive or negative security assurances), economic constraints, and the lack of a public commitment to the possession of nuclear weapons.²

Political Change: Roll back may come about as a result of a change in policy by the country’s leadership, a change of governments, or as a result of regime change.

It is possible that the current government in Tehran might abandon its nuclear ambitions in response to foreign pressure; indeed, some claim that

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the October 21st Agreement signals just such a change in course. Others, however, believe that this was a tactical move reminiscent of dramatic policy reversals pulled off by other regional leaders in response to external pressures (e.g., Saddam Hussein during the Iran-Iraq War, Yasir Arafat after the 1991 Gulf War), that were undone once circumstances changed or external pressures were lifted. It remains to be seen whether Iran’s current leadership is willing to go beyond the October 21st Agreement.

More fundamental political change in Iran seems inevitable, given that the overwhelming majority of Iranian youth are alienated from the political system, want change, and will someday likely be in a position to achieve it. It is not clear, however, that political change would necessarily facilitate roll back. To the degree that it is possible to assess elite and popular opinion in Iran on such matters, support for the country’s nuclear program appears to come from across the political spectrum. Thus political change might not alter Iran’s nuclear ambitions. It could, however, bring to power a leadership that is more sensitive to the potential costs of nuclear proliferation in terms of Iran’s relations with the West and its ability to attract foreign investment, and that might choose differently if given the option. What can the U.S. do to encourage such an outcome? For now, beyond offering rhetorical and moral support to those seeking change in Iran, the answer seems to be, “not much.”

**Altered Perceptions of Military Utility:** Iran’s nuclear ambitions are rooted in a powerful drive for self-reliance; power, prestige, and influence; and the ability to deter potential adversaries. Though the U.S. and the international community cannot influence Iran’s ideology of self-reliance, nor significantly alter Iran’s desire for power and prestige, it might be able to make a strong case that nuclear weapons will diminish, not enhance Iran’s security. Iran’s acquisition of nuclear weapons might result in Iran’s political isolation, harm its economy through new sanctions and reduced investment, and undercut its military position by engendering additional proliferation in the region, deepening the U.S. security role in the Gulf, and perhaps even prompting preventive military action by Israel or the U.S. Thus, the U.S., Europe, and the Arab Gulf states must not miss an opportunity to convince Tehran that nuclear weapons will greatly complicate its threat environment and undermine Iranian security.

**External Pressure/Inducements:** External pressures have had a mixed impact on Iran and its nuclear program: while they have forced Tehran to become more forthcoming with information regarding its nuclear program, they may have also strengthened Iran’s commitment to pursuing its nuclear option. To succeed, external pressures need to be combined with inducements. It is not clear, however, that the international community is willing to bring sufficient pressure to bear, or can offer sufficiently

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credible inducements to influence Iran to rethink its pursuit of nuclear weapons. Outside powers are limited in their ability to influence the complex and dynamic threat environment of the Gulf and South Asia, while Iran is unlikely to seriously consider security assurances offered up by countries, such as the U.S., that are seen as implacably hostile to its fundamental interests.

**Economic Constraints:** U.S. economic pressures and sanctions have imposed opportunity costs on Iran, and remain a drag (though hardly the most significant one) on Iran’s economy. Even so, Iran’s economy has done reasonably well in recent years, due to relatively high oil prices, economic reforms, and fiscal discipline. Barring a major misstep by Tehran, there would probably not be much international support for broader and tighter sanctions on Iran, should it fail to be more forthcoming regarding its nuclear program; at most, some countries might halt new investments or business deals. As a result, Iran is likely to continue to muddle through economically. And a tightly focused, well-run nuclear program need not be prohibitively expensive; in fact, it is likely to be much less expensive than a major conventional military build-up (costing billions of dollars, versus scores of billions of dollars). For these reasons, economic considerations are unlikely to influence Iran to abandon its nuclear program.

**Lack of Public Commitment to Nuclear Weapons:** While senior Iranian officials have extolled Iran’s pursuit of civilian nuclear technology, they have thus far avoided a similar, unequivocal rhetorical embrace of nuclear weapons. This is, no doubt, due to Iran’s status as an NPT signatory, and perhaps because Iran’s leadership may not yet have taken a formal decision to produce nuclear weapons. Should Iran decide to acquire nuclear weapons, moreover, it might adopt a policy of nuclear ambiguity, to avoid an open breach of its NPT obligations and an adverse international reaction. In this way, it might remove from the table one factor that could diminish the prospects for successful roll back, should it decide to alter course. For this reason, the U.S. should avoid threatening words or actions that might cause Iran to openly embrace nuclear weapons.

**Conclusions**

While nuclear roll back in Iran remains a distant goal, it is not beyond the realm of the possible. Roll back has occurred elsewhere, with other ‘hard cases,’ and might someday become possible in Iran—if the U.S. and others actively work toward this goal.

To bring about a roll back decision, the U.S. should encourage political change in Tehran, convince Iran’s clerical leadership that nuclear weapons would do more harm than good to Iran’s national security, and avoid steps that could cause Tehran to publicly embrace to pursuit or possession of nuclear weapons.
These are, of course, by themselves, not sufficient conditions for roll back, but their accomplishment would greatly facilitate diplomatic efforts, employing both pressures and inducements, aimed at achieving this objective in Iran.
Stopping the Unstoppable?
European Efforts to Prevent an Iranian Bomb

Oliver Thränert*

In August 2002, the revelation of two clandestine nuclear sites not yet in operation—an uranium enrichment facility at Natanz and a facility for the production of heavy water at Arak—caused widespread international concern about a potential Iranian nuclear weapons program. In May 2003, the Vice President of the Islamic Republic of Iran, Reza Aghazadeh, declared to the International Atomic Energy Agency (IAEA) Iran’s ambitious plans to not only complete the Bushehr light water reactor that already is under construction, but also to build more of those nuclear power plants. Furthermore, Aghazadeh pointed out that it is the intention of the Iranian leadership to develop the full nuclear fuel cycle, including the enrichment of uranium, in order to produce fuel rods for use in light-water reactors. The aim would be full national independence in the use of nuclear technology for peaceful purposes. Implementing these plans, Iran would be in a position where it would be possible for Tehran to withdraw from the Nuclear Non-Proliferation Treaty (NPT) within three months under Article X and then produce enough highly enriched uranium to be used in nuclear weapons within a few more months. While these prospects already were very frightening to many observers in the Western world, Iran caused even more concern as it became apparent in 2003 that it had not fully met its obligations under the NPT.

On October 21, 2003, in an effort to de-escalate the diplomatic crisis that was caused by Iran’s nuclear program and its concealment, the foreign ministers of France, the UK and Germany travelled to Tehran. There they signed a declaration, according to which the Iranian government, inter alia, would sign the IAEA Additional Protocol and suspend all enrichment and reprocessing activities as defined by the IAEA. In this paper I would like not only to point out the advantages of this diplomatic initiative, but also to discuss some open questions and problems. This paper will argue that the agreement was more than just a postponement of the issue; in fact, the agreement was an important step towards a compromise and a move to convince the Iranian leadership to commit itself to more transparency. Moreover, the fact that Iran agreed to at least suspend its uranium enrichment activities could become a door-opener for a broader solution of the problem in which Iran would abandon its ambitious plans of developing the full nuclear fuel cycle.

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1 See H.E. Mr. Reza Aghazadeh, Vice President of the Islamic Republic of Iran, Iran’s Nuclear Policy (Peaceful, Transparent, Independent), Vienna: IAEA Headquarters, May 6, 2003.

2 Declaration by the Islamic Republic of Iran and the Foreign Ministers of Britain, France and Germany, Tehran, October 21, 2003.
**Why the Agreement of October 21, 2003 between Iran, UK, Germany and France Was Just the Right Thing to Do**

First of all, the agreement shows, that it is possible to deal with proliferation issues in a non-violent, co-operative fashion. The fact that, in addition to the Iranian case, Libya now seems determined to end its nuclear program underscores that it is basically possible to use a cooperative approach successfully. In this view, the war against Iraq, an aggressor that failed to meet its obligations under UN Charter Chapter VII resolutions of the UN Security Council, was the exception and not the rule. Even though the deal was struck by three European foreign ministers, it was done in very close cooperation with the Bush-administration. Therefore, the agreement could mark a turning point in the transatlantic debate on how to handle proliferation issues. Traditionally, Europeans perceive diplomacy and multilateral arms control as their first instrument of choice. In the U.S., the perception seems to be that arms control cannot work with rogue regimes. Now that the Bush-administration struck the non-proliferation deal with Ghaddafi, gave support to the European initiative regarding Iran, and also seeks a diplomatic solution for North Korea’s nuclear program, Americans and Europeans may find a way to handle the proliferation issue more cooperatively than in the past, when the struggle over the war against Saddam divided the U.S. from many of its European partners.

Secondly, as Iran and now also Libya sign up to the Additional Protocol to the IAEA safeguards agreement, this might help to convince even more countries to follow suit. If the Additional Protocol is implemented smoothly in those countries that were often described as the “hard cases” and that actually conducted illicit nuclear activities, other governments, that are overly concerned about their rights of sovereignty due to the fact that the protocol allows for inspections at undeclared facilities, might also be convinced. As a result, the entire NPT non-proliferation system might be significantly enhanced with the IAEA using an improved verification regime.

The Additional Protocol provides two main advantages compared to the traditional safeguards regime: first, it requires states parties to provide “a declaration containing a general description of and information specifying the location of nuclear fuel cycle-related research and development activities” so that the IAEA can draw a more comprehensive picture of a state’s nuclear program. Second, under the Additional Protocol, inspectors have access to any place on a site “in order to assure the absence of undeclared nuclear material and activities,” so that access would not be restricted to declared places where it had been indicated that nuclear material is present. Under the Additional Protocol, which Iran has already signed and to which it—according to the common declaration with the three European Foreign Ministers—promised to adhere even prior to ratification—it will be much more difficult for Tehran to conceal any nuclear activity.

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3 See Protocol Additional to the Agreement(s) between ... and the International Atomic Energy Agency for the Application of Safeguards [IAEA Information Circular (INFCIRC/540), September 1997, as corrected by INFCIRC/540/Corr.1, October 12, 1998].
Third, it is not the ultimate goal of the European governments to convince the Iranian leadership to implement the IAEA additional protocol and enhance transparency alone, but rather to convince the Iranians to abandon altogether their uranium enrichment program and all other activities that would lead the a full nuclear fuel cycle. This is crucial, because Iran would otherwise have the opportunity to withdraw from the NPT and build the bomb in a very short period of time using its enrichment facilities for the production of highly enriched uranium or using future reprocessing facilities for the separation of plutonium. In accordance with this aim, the second sentence of paragraph 3d of the agreement signed in Tehran reads: “Once international concerns, including those of the three Governments, are fully resolved, Iran could expect easier access to modern technology and supplies in a range of areas.” This means that from the European perspective Iran needs to abandon its uranium enrichment program and all other activities before it can have access to modern Western technology.

It is well known that Iran sees the suspension of its enrichment program as a voluntary step, and does not seem to be prepared to really give up on its uranium enrichment program at this point. But the political costs would be very high if it were to resume enrichment activities. For the moment, the IAEA has the right to verify Iran’s suspension of uranium enrichment, providing the agency with an almost completely new task. If Iran would ultimately give up uranium enrichment, and Western countries would be prepared to guarantee the supply of nuclear fuel rods to be used in light-water reactors, this would again strengthen the NPT regime, by presenting a model for other countries to gain access to peaceful use of nuclear technology. Such a development would help to re-interpret the right to get access to modern nuclear technology that is enshrined in Art. IV of the NPT without implying the development of a full nuclear fuel cycle under national control.

In November 2003, the IAEA Board of Governors was right not to declare that Iran was not in compliance to the NPT, even though Tehran failed to declare imports of fissile material, its reprocessing and the facilities where this work was undertaken. Due to the potential benefits that are included in the agreement and Iran’s declared willingness to fully cooperate with the IAEA in the future, it is much better to give Iran the chance to change its course now without bringing the case to the Security Council, rather than to undermine Iran’s willingness to cooperate. Moreover, it is unclear whether the Security Council would be prepared to decide on any further action concerning Iran.

Questions and Problems

Even doves believe that the Iranian nuclear program is a bomb program. Why should Iran end this project after almost 20 years of expensive investments? And what should the U.S. and its European allies do if Iran does not implement the Additional Protocol properly and/or resumes its
enrichment program? Military options are not in the cards anyway for many reasons including intelligence problems, the situation in Iraq and the upcoming U.S. presidential elections included. This situation certainly is no secret to the Iranian leadership. Therefore, using the time and the momentum in order to convince Iran to fully cooperate with the IAEA and abandon all activities that would lead to a full nuclear fuel cycle is a real diplomatic challenge. Admittedly the jury is still out on whether the diplomatic efforts will be successful. The fact that Iran recently admitted that it is still building uranium-enrichment centrifuges and that the IAEA recently found undeclared documents about how to build centrifuges is certainly discouraging.

One of the most visible differences between the U.S. government and its European partners still is that Europeans in principle accept that Iran can use nuclear energy for peaceful purposes, particularly the Bushehr light water reactor. This never was acceptable to the U.S. For the Clinton administration, the main reason of concern was that Bushehr could be used by the Iranians as a pretext for the installation of the full nuclear fuel cycle. Indeed, Iran argued that its aim is to become independent in its nuclear fuel supply to be used in Bushehr and other light-water reactors. Therefore, Iran would need to establish a full nuclear fuel cycle. But if Tehran gives up its enrichment program, would the U.S. be prepared to accept Bushehr and probably even more light water-reactors in Iran that might even be built and run with European assistance? So far, many analysts in the U.S. argue that Iran should not have access to such nuclear technology under any circumstances, because plutonium is used even in light-water reactors and it could be separated for weapons purposes. But without an opportunity for the Iranian leadership for face-saving that would include substantial Western assistance to the overall technological development of Iran (and the Iranian leadership, including particularly reformers, believe, nuclear technology is key), a lasting solution would not be possible.

Some believe that the agreement of October 21, 2003 is just a tactical move by the Iranian leadership with the final aim to separate the U.S. and Europe from each other again. Indeed, there is the danger that Iran might return to a strategy that it has used quite frequently in the past. Tehran has been cooperative in some areas, but at the same time it concealed other activities. Would the U.S. and Europe stay together in such a case? Would the transatlantic partners agree on the timing to declare Iran being in non-compliance? It has been mentioned before that this is a tricky question, because it is unclear whether the Security Council would be prepared to act, since both Russia (which has its own set of interests) and China might not be willing to cooperate.

Finally, there is the question of other WMD in Iran. When acceding to the Chemical Weapons Convention (CWC), Iran declared that it has two former chemical weapons production facilities, but that it has no chemical weapons in stock. Many believe this declaration to be inaccurate. Therefore, should challenge inspections under the CWC be conducted for
the first time in Iran in order to check Tehran’s willingness to cooperate in the area of non-proliferation beyond the nuclear field? Would this be an inappropriate step that could endanger progress in regard to the implementation of the IAEA additional protocol?

On balance, the agreement of October 21, 2003 between Iran and the “Big European Three” is more than just a postponement of the problem of the Iranian nuclear program. It provides additional and more intrusive verification procedures through the IAEA additional protocol, and it may provide an opportunity to end all Iranian activities that would lead to a full nuclear fuel cycle. Whether in the end Iran will behave co-operatively as expected by the Europeans, or try to return to what is perceived by many as a nuclear bomb program, is an open question.
Political Stability in Iran
The End of Reform?
Ali Ansari*

As Iran heads towards another crisis, few can doubt that the political environment is dynamic and in need of periodic reflection and reassessment. Yet, it is remarkable how quickly commentators are willing to pass judgement on political developments in Iran, imposing a sense of finality on a process which, by its very nature, will continue to develop for some time. Definitive conclusions may serve the interests of both the analyst and a readership anxious for a point of reference on which to hinge policy, but they rarely reflect the reality of change. As Mannheim eloquently noted, “In a realm in which everything is in the process of becoming, the only adequate synthesis would be a dynamic one, which is reformulated from time to time.” 1 No statement is more pertinent to the study of contemporary Iran, whose political vicissitudes are emblematic of a society in transition. It is in sum, far too early to declare a result and those who have rushed—with somewhat indecent haste—to write their obituaries for the reform movement may soon find themselves reflecting earnestly on their words.

It is a remarkable fact that those who sit in judgement on ‘reform’ seem to have little appreciation of its meaning within the Iranian context, both its historical roots and its contemporary relevance. By and large, ‘reform’ and ‘reformists’ are discussed as if they are a political party on the verge of losing power, through a mixture of incompetence and naivety. While the latter part of the statement may be justified, the first is in need of urgent clarification. In the first instance, it is crucial that a distinction be made between the idea of reform and the ‘reformists’, defined as the collective of politicians and administrators charged by the public with the task of implementing the idea of reform. While condemnation of the reformists, symbolised in this case by President Mohammad Khatami, for their failure to fulfil their promises may be justified, this does not automatically translate into disillusion with the ideas behind reform. Far from it. Most Iranian anger and frustration is directed towards reformist politicians precisely because they are perceived as not having done enough, not because Iranians have discovered a distaste for politics, democratic pluralism and individual human rights. Indeed the view, implicit in some commentaries (explicit in others), that Iranians have returned to political apathy and would gladly forgo the pleasure of political rights in favour of economic growth, shows a breathtaking ignorance of social aspirations within Iran, and arguably is indicative of deeply ingrained ‘orientalist’ prejudice on the part of the analyst. Such an analysis assumes in any case, the contentious view, that autocracy and political repression can be a catalyst for economic growth.

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As hinted at above, ‘reform’ denotes a far more profound complex of ideas than the term may itself initially suggest. Indeed, taken at face value, the notion of reform suggests a modification of the current political system administered judiciously and with a firm eye on stability. While some of the reformist leadership (including Khatami) adhere to this interpretation, there are many others, perhaps the majority, who support a far more revolutionary interpretation and argue emphatically that the most recent expression of reform is in fact the fulfilment of the revolution initiated in 1979. Taken in this way, it is fair to regard the term ‘reform’ as a misnomer; a platitude intended to disguise its real nature and reassure the nervous. Indeed in this guise, it may be fair to argue that ‘reform’ has indeed ended since even its most staunch supporters have lost patience with its apparently glacial pace and see no point in, what many perceive to be, superficial modifications to a political system determined to resist change at almost any cost. However, it is the revolutionary interpretation that predominates by far that is recognised and understood by both its supporters and detractors. In many ways, hardline conservatives are quite justified in their concern that the continuation of such reform would mean the end of the Islamic Republic as they have come to know it. Staunch supporters of reform would of course object that the ‘Islamic Republic’ which has developed since the end of the Iran-Iraq War, is not the political system envisaged by the founder Ayatollah Khomeini, or indeed the millions who marched to overthrow the Shah.

In order to better appreciate the depth of this contest and move away from the banality of discussions which see the current impasse as an issue of ‘party politics’ (a wholly inapplicable analysis for contemporary Iran), one must situate the current crisis within its proper historical context. In the first place, it is crucial to recognise that the current contest between reformers and conservatives has deep roots, which arguably stretch far beyond the chronological boundaries of the Islamic Republic. Indeed, as far as reformists themselves are concerned, their ideological platform is a reflection of the century long struggle to modernise Iran. This term is used deliberately insofar as it does not simply apply to the development of democratic values and processes but to the modernisation of social values and economic relations. This distinction is important, because it emphasises the reality that those who support the principle of reform (differences are more visible when it comes to implementation) are seeking to revolutionise society from the base upwards. This, as one can imagine, is a monumental task which cannot be achieved overnight, as some commentators would like to believe, and clearly, as an ongoing process, it is very likely to encounter obstacles, resistance and setbacks.

What has been remarkable about the process to date is how realistic the ‘foot-soldiers’ of reform (principally students, journalists and junior politicians) have been about the timetable for reform and the resistance to be expected. Where they had been less realistic was in their assessment of the political qualities of their own leaders and their ability to deliver—hence the disappointment. This disappointment, however, while affecting the
The End of Reform?

particulars of reform have not detracted from the persuasive grand
narrative which sees current reformers as the heirs of the Constitutional
revolutionaries of 1906, and the National Front Movement of Dr Moham-
mad Mosaddeq. Seen in the context of one hundred years of struggle,
current difficulties can be placed in some sense of perspective. One thing is
for certain, if even the Shah was ultimately powerless when confronted by
the realities of social change, then so too must be the vested interests
governing the Islamic Republic. If ‘people power’ can bring down a ‘2500
year monarchy’ (to borrow revolutionary rhetoric), then few doubt the
vulnerabilities of a political system riven with contradictions and barely a
quarter of a century old. In other words, resistance to change will in the
long run be overcome, and indeed is a matter of necessity if Iranians are to
achieve their ambitions of economic and political revitalisation.

As well as possessing historical depth, the reform movement also enjoys
intellectual rigour, borrowing extensively from Western theories of
government and civil society, whilst at the same time, having the maturity
to recognise that this intellectual development must continue. No one is
presumptuous enough to rest on their laurels, and in this respect, political
setbacks, may be just the stimulus required for further ideological develop-
ment. The basic philosophical framework is clear: reform stands for
modernisation in all spheres of life, specifically a move towards an invest-
ment culture with transparency and accountability in both economic and
political relations. Central to this world view, is a nation built on laws,
fully integrated into the international system, though proudly independ-
ent. What has proved less clear is how exactly to achieve this goal,
though as the recent earthquake in Bam has revealed, it is a goal that must
be achieved if investment is to be secured for a decaying infrastructure.
This fundamental failure in political leadership has been the chief cause of
popular disillusion, although it is important to note that these failures
(acknowledged and accepted by many in the leadership), do not in thems-
elves reverse the profound social changes that have nevertheless taken
place, nor does it follow that the ‘conservatives may do a better job at
running the country.’ Indeed the evidence suggests that the contrary may
be true.

In order to appreciate this fact, it is important once again to look at the
historical record. The conservatives, and their hardline allies in the
Judiciary and Guardian Council did have the opportunity of running the
country between 1989–1997, and while President Rafsanjani provided the
acceptable face of conservatism, his policies did not achieve the results
he had aspired to. The reasons for this were twofold: first, Rafsanjani was
emblematic of the mercantile elite which settled into to running the
political economy of the Islamic Republic and second, his economic mode
of thought was antithetical to the industrial capitalism of the West.
Western businessmen flowed into Iran seeking lucrative deals only to find
that the mercantile system they encountered was disinterested and ambi-
valent towards a transparent legal framework or indeed any sort of ac-
countability. This conflict of mentalities, rather than any U.S. led sanctions
regime, ensured that foreign investment was not forthcoming. But even the acceptable face of conservatism found himself hamstrung by hardline allies increasingly contemptuous of any form of popular participation in politics or social liberalism. The consequence of this was that key economic reforms were not pursued while social restrictions became tighter and tighter, leading ultimately to a political stalemate and the popular reaction which led to Khatami’s election in 1997. Of course, the hardliners were unwilling to relinquish power, and despite all the social changes which nevertheless took place, fought determinedly to prevent their institutionalisation. The last thing vested interests founded on financial corruption desire, is transparency and accountability. There is also no reason to assume, that they have suddenly discovered an appetite for it.

At the time of writing (February 2004) therefore, Iran faces yet another political crisis as a result of the unprecedented number of candidates (many sitting deputies) barred from running in the forthcoming elections by the Guardian Council. This has been made more acute by the fact that the reformist leadership is only now counting the cost of its tactical naivety in previous clashes. People simply do not believe that another compromise will not be reached, and many have come to the conclusion that the whole crisis has been orchestrated for the sole purpose of engendering enthusiasm for the elections. Far better, they argue, not to vote at all and deny a failing system the popular legitimacy it craves. It will take a bold reformist move to reverse this sentiment. Fortunately for the reformists, they may find a useful ally for this task in the political conceit of the hardliners. By all accounts, compromise is not on their agenda, having effectively rejected the Leader Ayatollah Khamane’i’s call for a thorough review of the candidates barred. On the contrary, hardliners have grown more arrogant with every successive climb-down and compromise they have imposed on their rivals, and President Khatami’s decision to go ahead with polls despite the continued prohibition on many of his supporters, will only confirm their contempt. In the very least, the consequence will be a low turnout in the polls (a reality conceded by Khatami) depriving the Islamic Republic of any final vestige of popular legitimacy. At most, further provocation stands a very real chance of encouraging a popular reaction, although this will in part depend on the actions of reformist politicians now excluded from the political process. In the short term at least much will depend on a unified show of force combining both politicians and people. In the medium to long term, two choices face the conservatives: they must either embrace the changes necessary for the revitalisation of the country (in other words ‘reform’) or manage the decay of the state aware of the deep enmity which exists between them and the people. It will be a state of decay which will be unlikely to last.

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2 This has been characterised as a ‘parliamentary coup’ by Behzad Nabavi, Entekhab 18th Bahman 1382 / 7th February 2004, p. 3.
3 See for example Yasé No 18th Bahman 1382 / 7th February 2004, p. 3.
4 See a commentary in Yasé No 18th Bahman 1382 / 7th February 2004, p. 16, which recognises this fact.
Political Stability in Iran: Internal and External Threats to the Status Quo
Johannes Reissner*

In a very general sense it can be said that everyone both inside and outside of Iran wants stability and no one wants to continue with the status quo. The big difference is that for those in power in Iran stability means first and foremost the stability of the ruling system and secondly, regional stability. However, for many in Iran and for the West, stability is understood in terms of functional state structures which allow development.

The main characteristic of the status quo in Iran is the gap between state and society. In this sense, the status quo is also the main threat to the status quo. Until the elections to the seventh Majles (parliament) on February 20, 2004, the gap was expressed—in part—in the permanent struggle between parliament and the powerful non-elected state institutions, notably the Guardian Council (which controls whether laws brought forward by the parliament are in harmony with the constitution and Islamic norms and supervises elections). This struggle may lessen after the victory of the conservatives (on election day, ex-president Rafsanjani expressed his hope for a “calmer Majles”), but it is most doubtful that the gap between society and state will diminish. More than 2400 mostly reformist candidates (including 87 acting parliamentarians) were disqualified by the Guardian Council and about 1000 others withdrew their candidacy in solidarity with their colleagues.

The Guardian Council’s “coup” was mainly directed against “leftists” who are if not outspokenly secular, at least wish for a clearer distinction between politics and religion. Their core interests are political liberalization and the rule of law. The conservatives who will dominate the new parliament constitute a mixture of the political groups formerly labeled as the “traditional right” and the “modern right.” Their hallmark is a combination of value-oriented traditionalism, even fundamentalism, with a positivist and technocratic understanding of modernization, including economic development. They do not only control the most powerful political institutions but also the flow of direct and indirect subsidies, with which they have leverage over the poorer segments of society.

The Domestic Situation and the Pragmatic Conservatives

To speak of a wide gap between society and the state does not mean that constructing a dichotomy of “people versus regime” is helpful for analyzing Iranian political dynamics. Considering the widespread dissatisfaction with the regime and with politics altogether, it should not be overlooked that this dissatisfaction is multi-layered according to social classes, age,

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education, city and countryside. Even if all may complain about the economic situation, the reasons for complaining differ enormously. Besides being ruled, the most important common denominator of “the people” of Iran is the effort to arrange themselves with the state and its ever present institutions. For more than a few people these efforts are quite lucrative, but a much greater number of the population is struggling in despair. The differences among people’s lifestyles and aspirations has become much more prominent during the last years. The young generation and women, the ones who voted mostly for Khatami and the reformers, are disappointed and frustrated. However, they can not be considered as a homogenous entity. “Yuppies” interested in economics, technology, computers constitute a large segment of the “third generation” (people born after the revolution). The politicization of students has lessened and the main student organization split over a year ago. Women became more outspoken and organized over the years, but they are found in the modern, “westernized” as well as in the “Islamic” camp.

For some years already, the conservative ruling elite is capitalizing on the failure of the reformers to deliver, particularly in economic and social matters. That their own obstructionist policies were the main reason for the “inefficiency” of the reformers, is evident. “Efficiency” became the slogan for the so called pragmatic or realistic conservatives. Former president Rafsanjani is one of their main figures. As chief of the Exigency Council, which mediates in conflicts between the parliament and the Guardian Council, he holds one of the highest political posts and is the patron of a far reaching clientelistic economic and political web promoting the interests of the traditional as well as modern mercantile bourgeoisie.

The new star of the pragmatic conservatives is Hasan Rowhani, the chairman of the Supreme Council of National Security, who last October lead the negotiations with the three European foreign ministers over Tehran’s signing the additional protocol to the NPT. He is close to Rafsanjani and chief of the Institute for Strategic Research, founded in 1989 by Rafsanjani. This institute publishes not only the quarterly “rahbord” (strategy), but also Rowhani’s lectures of which the one on “legitimacy and efficiency” (2001) can be considered as programmatic for the pragmatic conservatives.

Another leading political and intellectual figure of the pragmatic conservatives is Mohammad Javad Larijani, brother of the chief of the state run radio and television, Ali Larijani. He seems to be more independent from the Rafsanjani circle but is principally on the same line. Larijani and Rowhani are considered as possible candidates for the presidency after Khatami’s term runs out in May 2005.

The list of candidates of the “developers (âbâdgarân) party” shows that particularly the pragmatic conservatives should not be considered as simple-minded backwoodsmen. The 30 candidates include four women, three clerics and 13 persons who earned Phd degrees from universities in the United Kingdom, the Netherlands and the U.S. in fields of study.
ranging from economics, medicine, mechanics to physics (also nuclear physics).

For the pragmatic conservatives the religious legitimization of power through Khomeiny’s principle of the “guardianship of the jurisconsult” (velāyat-e faqih) is important for their own political position. However, the basic idea of legitimization through the people is also important for them. Nevertheless, elections tend to be considered first of all as a show of people’s support for a system in which elections take place than really an opportunity to choose between different politicians standing for different policies. Beyond the importance of the religious legitimization of their own power, Islam is esteemed as a set of values and a cultural heritage, but in politics “national interest” has become for them the most important criterion, Islam functioning more as a point of reference. Through their policies the pragmatic conservatives contributed to the creeping de facto de-islamization of Iranian politics. They also bandwagoned on the liberalized political discourse during the reformist period and took advantage of technological developments, in particular the internet. Whether they will be more effective with regard to healing the social wounds remains to be seen. They may go on in tolerating the quite liberalized mores in the cities, but keep up the atmosphere of insecurity of possible abrupt measures against them, as is typical for autocratic regimes.

What Is European and American Policy Confronted with?

It is generally assumed that the new majority of the conservatives in the parliament will bring no basic change in foreign policy. But, Iran lost its prestige of being the only state in the region struggling for more democracy from within, and the general bad image of the conservatives, very often simply labeled as ‘hardliners’ in Western media, will be a burden for relations with Western countries. The manipulation of the election definitely did not enhance the legitimacy of the conservative ruling elite. Nevertheless, the election turnout of about 50.57 per cent was higher than expected and could be used by the Leader of the Revolution, Ali Khamene’i, to claim that the “people have neutralized the day-dreaming of interventionist imperialists that the Islamic Republic as being deprived of its popular base.”

A certain degree of thaw in American–Iranian relations is possible as long as Iran really fulfills its commitments with regard to the nuclear question. The signing of the protocol on December 18, 2003, levered American pressure and was followed by Bush’s “earthquake-diplomacy” after the catastrophic earthquake in Bam of December 26 the same year. As cynical as it may sound, the “earthquake-diplomacy” came too early: After the election Iranian reactions would have been supposedly more positive. The pragmatic conservatives do not only want to get rid of American pressure, but also are interested in better relations with the U.S. Larijani said on January 19 that he had always called for an un-ideological approach towards this issue, and Ahmad Tavakoli, one of the leading figures.
of the “developers” made a clear statement in the same sense two days after the elections. Rafsanjani, despite his fierce attacks against U.S. policies in his Friday sermons, is also known for having a very pragmatic approach. That the majority of the Iranian population approves of at least talks with the U.S. was clearly shown in opinion polls in Summer 2002. Today, having again the majority in parliament, the conservatives can catch the bonus for a respective policy for themselves. This is important, since relations with the U.S. is the last foreign policy issue with an ideological revolutionary dimension and therefore still subject of dispute within the conservative circles.

Great changes in Iranian-American relations are not to be expected in the near future because the Americans are preoccupied with the presidential election in November, and the crucial nuclear issue is still pending. At the same time, due to American’s presence in Afghanistan and Iraq, the necessity of a pragmatic relationship on the ground is not only appreciated by both sides but also more and more practiced.

European policy will be placed between the chairs more than before. For the Europeans, progress in the reform process has been the basic assumption for their “conditional engagement.” On the one hand, European policy makers will significantly fewer reform-oriented politicians in the official institutions. On the other hand, as one European diplomat in Tehran remarked, a conservative majority in the parliament, as deplorable as the ousting of the reformers may be for the prospects of democratization, could make the diplomatic business easier, since security issues, in particular, already needed to be discussed with those having the real power. This fact was already exemplified in the negotiations over the additional protocol. They were not only a success for European diplomacy, but also a victory for the pragmatic conservatives. They won the difficult internal debate over signing the additional protocol and had shown the outside world who has the final say in matters crucial for the nation.

The success of the European–Iranian negotiations was based on the one hand on the European will for a long-term engagement of Iran as is expressed in the negotiations for a Trade and Cooperation Agreement (TCA), which started in December 2002, but which have been paused at least until the new report of the IAEA on Iran’s nuclear activities, which is due in March 2004. On the other hand, the success of the October 21 negotiations was also due to the strong American pressure on Iran. Therefore, it would be exaggerated to see in the October negotiations a model for engagement policies with Iran, it was more a singular case.

Europeans will have to be more concerned about their credibility with respect to the reform process, democratization and human rights than the Americans, because what the Iranians expect from the U.S. is first of all superpower-behavior. Pragmatic conservatives, despite their outraged complaints about American double standards, count on them quite pragmatically, whereas with respect to human rights the Europeans are considered as “radical”. More than a few people in Iran feel attracted to the Chinese way of making concessions in international behavior in order to gain
freedom to act as one wishes in internal matters, in which regime security counts first.

Europeans will be confronted with strong demands to fulfill their promises for helping Iran in developing nuclear technology for civilian purposes. At the same time, the political and human rights dialog, which is claimed as interdependent with the negotiations for the Trade and Cooperation Agreement will have a difficult stand. Questions regarding political reform and human rights will be more easily dismissed by the Iranian side as interference in internal matters. This leads to the question of what possible leverage the Europeans have to promote their policy. How strong the Iranian interest in the TCA is and what benefits are expected, is not clear. Ahmad Tavakkoli, a leading figure of the “Developers Party” shortly before the elections described Iran’s interest in WTO membership as secondary to the necessity of improving the social conditions in the country.

The Europeans are determined to go on with their policy of “conditional engagement” of Iran. Nevertheless, it will need even more subtlety and efforts to align it with American policies towards Iran and the region.

**Abbreviations**

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>CAT</td>
<td>Convention against Torture</td>
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<tr>
<td>CEDAW</td>
<td>Convention on the Elimination of All Forms of Discrimination against Women</td>
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<td>CWC</td>
<td>Chemical Weapons Convention</td>
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<td>FIDH</td>
<td>Fédération Internationale des Ligues des Droits de l’Homme</td>
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<tr>
<td>GA</td>
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<td>GCC</td>
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<td>Information Circular</td>
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<td>Non-Proliferation Treaty</td>
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<td>Trade and Cooperation Agreement</td>
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<td>TFPD</td>
<td>Transatlantic Foreign Policy Discourse</td>
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<td>Weapons of Mass Destruction</td>
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<td>WTO</td>
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