Iran and the World:
What Kind of Future?

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INTRODUCTION

“The history of Iran is full of failed political enterprises; its culture is far more enduring.” says Iranian-American author Afschin Molari in his recent book, The Soul of Iran. Iran’s rich cultural traditions and diverse people continue to intrigue the world. In landmass, Iran is the second largest country in the Middle East, just behind Saudi Arabia. It is also in a vital geopolitical location, sharing borders with Iraq and Turkey to the west, Afghanistan and Pakistan to the east, the Caspian Sea and former Soviet republics to the north, and across the Persian Gulf from Saudi Arabia. A country of nearly 70 million people, Iran’s official language is Farsi, not Arabic. The Islamic Republic of Iran is, historically and currently, of major interest to American foreign policy makers and political leaders, as well as many others of the international community.

Despite political struggles between reform and conservative views, Iranians are unified in their pride of their unique history and identity. In a speech at McGill University, Iran’s first Nobel Peace Prize winner, human rights lawyer Shirin Ebadi, expressed that sentiment: “Iran is not only a place on the globe; Iran lives in the soul and heart of every Iranian. Iran will live with its culture and preservation of its national traditions, its literature, its music, and its art. So Iran exists only with all these things. It is our responsibility to pass this tradition to future generations, as it was passed from the previous generations to us.”

The Iranian government is a complex blend of theocracy and democracy. Power is concentrated in a small group of Shi’ite clerics who represent the country’s dominant sect of Islam, but Iran also has a popularly elected president and legislative branch. Economically, Iran is dependent on revenues from its large energy sector, consisting primarily of oil and natural gas reserves. On the global front, Iranian leaders claim that they want access to nuclear technology for peaceful purposes only; however, Iran has been secretly expanding its nuclear capabilities over the past two decades.

As a proud and ancient civilization, Iran clearly wants to assert its influence on the world stage, and in an era of globalization, its influence becomes all the more important. In the midst of a global war on terror, continued conflict in Iraq, and tensions with a nearly nuclear North Korea, Iran’s potential development of a nuclear weapons program is a major foreign policy concern for both the United States and the world. Concerns about Iran have been highlighted in American and international press and foreign policy experts have focused on what may be the possible repercussions of a new nuclear weapons state in the Middle East region.

Over the past several months, the U.S. has worked with key European allies to encourage Iran to abandon ambitions for a nuclear weapons program. As of this writing, negotiations have failed to produce desired results, and there is pressure to take the matter to the United Nations Security Council to impose political and economic sanctions. Most analysts tend to discount the possibility of war with Iran because of American military commitments elsewhere, but military action is still seen as a last resort.

The issues are not confined to only nuclear weapons. Iran’s role in the region and the character of its own government are also topics of American and international concern. Presidential elections of June 2005 in Iran provided a setback to moderate political elements, installing Mahmoud Ahmadinejad, a man known for his more radical views.

American knowledge of Iran is very limited. The U.S. has not had formal diplomatic relations with Iran for over twenty-five years and has since imposed economic sanctions on the country. However, we must understand what is going on inside Iran to understand how Iranians see their security issues and their regional and global roles. If the U.S. and its allies are going to influence the choices that Iran makes, we have to have a better understanding of the country, its culture, its history, and its place in the world. This paper is meant to serve as a background of Iran’s historical experiences, domestic politics, economics, and social concerns, as well as relations with the United States and the world.

HISTORICAL BACKGROUND

The civilization of Persia, the former name of modern Iran, was an ancient great power. In 559 BCE, Cyrus the Great created the first world empire, establishing the Achaemenian Dynasty in Persia. The Persian Empire reached its pinnacle during the reign of Darius the Great (486-522 BCE). The Empire survived for nearly a thousand years until its demise in 642 CE. The collapse of the great empire coincided with the introduction of a new but growing religion: Islam. Transported from the Arabian Peninsula—the birthplace of Islam—to Persia by nomadic tribesman, the religion took root in Persia and transformed the ancient civilization. Since then, the Iranian civilization has maintained a unique fusion of Persian culture, music, art, and poetry with the tenets and practices required of Muslims.

Although the adoption of Islam connected Persia to other emerging powers in the Middle East, the nation that became Iran adheres to a minority sect of the religion known as Shi’ism. Shi’ism emerged as a unique sect of Islam after a conflict over succession in the years following the Islamic Prophet Muhammad’s death. Shi’ites believe that Ali, the Prophet’s son-in-law, is the only proper successor to Muhammad. In contrast, the Sunnis, the majority sect of Islam, believe the rightful line of succession in Islam is not dependent on relation to the Prophet but rather on individual faith and leadership. Therefore, Sunnis supported the rise of Abu Bakr, a close companion of the Prophet Muhammad who was one of
the first converts to Islam. This battle over succession rights in the 7th century created a schism in Islam that is still evident today. As a result, Shi‘ism has its own holidays, heroes, and traditions and is more rooted in a hierarchical structure of Islam than its Sunni counterpart. Shi‘ism, long present in Persia, became the official religion of the civilization in 1501 when Shah Ismail I unified Persian groups under its teachings. Consequently, Shi‘ite religious traditions were and remain a mainstay in Iran. Indeed, until recent elections in Iraq gave the majority Shi‘ites a prominent role, Iran was the only Shi‘ite-governed state in the region.

Fast forward to the twentieth century. With the Industrial Revolution and the skyrocketing world demand for petroleum, Persia came under the heavy influence of British and Russian interests. The oil sector was particularly profitable for British business interests, and the ruling monarchy (a series of “Shahs”) gained considerable wealth from foreign investors. The majority of Iranians did not share in the benefits of Iran’s rich energy resources. Despite the growing economic and political frustrations of the Iranian people, the Shahs remained the undisputed rulers of Iran until 1951 with the emergence of a charismatic nationalist named Mohammed Mossadeq.

Mohammed Mossadeq became Prime Minister of Iran in 1951 after the assassination of the pro-Western Prime Minister, Ali Razmara. An increasingly popular Prime Minister, Mossadeq nationalized the Iranian oil industry. This move was wildly popular among the Iranian public but not favored by Western governments, especially the United States and Britain who profited from their involvement with Iran’s oil sector. The issue was not only oil; to the West this signaled a loss of influence in the region. In the early years of the Cold War, this was seen as a political rise of Soviet influence in Iran that the West was not prepared to tolerate. Riding his wave of newfound popularity, Mossadeq convinced the parliament to increase his powers and then began to implement a number of socialist reforms. His drift toward socialism, fervent nationalism, and his alteration of the expulsion of Western oil companies positioned Mossadeq as an opponent of the Western powers. Consequently, in the summer of 1953, the American CIA and British intelligence collaborated in a coup that deposed Mossadeq and installed Reza Pahlavi as the new Shah.

For the next 26 years, the Shah ruled Iran. In the first decade, the Shah was a force for modernization and economic growth as well as an advocate of secularization and connecting Iran to the West. As is often the case with authoritarian regimes, the Shah was reluctant to share power and open up society. Political dissent and economic liberalization were prohibited, and corruption became rampant. Political dissent grew over time, and the Shah responded with crackdowns. By 1964, a small protest movement had emerged, led by Ayatollah Ruhollah Khomeini. The Shah exiled Khomeini to Turkey, who subsequently moved to Iraq and finally to Paris. However, despite his exile from Iran, Khomeini remained a potent political and religious force in the country, reaching his followers through tape-recorded speeches.

In 1978, an article published by a state newspaper criticized Khomeini, unleashing demonstrations and violence in the Shi‘ite holy city of Qom. Police shot and killed several students. Adhering to Shi‘ite customs, the growing protest movement observed a forty-day mourning period for the dead. On the forty-first day, they launched another demonstration, beginning a cycle of forty-day observances followed by demonstrations. In September 1978, the Shah declared martial law, but the upheaval continued. In January, after offering only moderate reforms, the Shah was forced to flee the country and Ayatollah Khomeini returned as the victorious leader of a revolution. He would later write a new Iranian constitution that provided the foundation for the Islamic Republic and named him as the Supreme Leader of the country.

The Iranian Revolution galvanized American attention. The United States had been the Shah’s most powerful supporter and had relied on his regime for security interests in the Middle East. Consequently, not only were the Americans enraged by Khomeini’s movement, but the revolutionaries in Iran demonized the U.S., calling it the “Great Satan” for backing the authoritarian Shah. On November 4, 1979, Iranian students loyal to Khomeini seized the American Embassy in Tehran, taking a total of 66 Americans hostage, 53 of whom were held for 444 days. The hostage crisis claimed headlines in the United States for over a year, dominating as well a presidential election and creating a lasting image of Iran as evil and dangerous in American minds. The United States has not had formal diplomatic relations with Iran since the embassy takeover.

On September 22, 1980, Iraq—under the leadership of Saddam Hussein—invaded Iran following a long history of border disputes and political differences. The war lasted eight long years. Although estimates vary widely, the war caused over 1 million Iranian casualties and 375,000 Iraqi casualties. Many Iranian deaths were the result of chemical weapons used by the Iraqi regime. Western nations, including the U.S., along with much of the Arab world, feared that the Islamic revolution would spread and worked to ensure that Iran would not win the war. The war is, for many Iranians, a target of blame for the country’s economic stagnation.

Over the next 20 years, U.S. relations were marred by a succession of crises. In 1983, Hezbollah, an Iranian-sponsored terrorist group in Lebanon, used a car bomb to kill 241 American Marines stationed in the Lebanese capital of Beirut. In 1986, the Iran-Contra scandal erupted over Reagan administration officials secretly selling arms to Iran in exchange for the release of American hostages held by Hezbollah in Lebanon. The profits from these arms deals were illegally sent to a rebel group in Nicaragua called the Contras.

In 1987, the U.S. and other Western powers intervened in the so-called “Tanker War” as Iran and Iraq each attacked oil tankers in the Persian Gulf critical to the other’s oil exports. Even though most of the attacks were Iraqi, one Iranian attack caused the U.S. to attack an Iranian oil
platform in the Gulf. A few months later, in 1988, a U.S. ship in the Gulf, the USS Vincennes, mistakenly shot down an Iranian passenger plane, killing 252 Iranians and 38 non-Iranians.

After the Iran-Iraq war had concluded in a stalemate, Iraq’s Saddam Hussein turned to Kuwait. When Iraq invaded Kuwait in 1990, Iran remained neutral, both against Iraq’s invasion of Kuwait and the UN-agreed, U.S.-led coalition effort to liberate Kuwait in Operation Desert Storm. In 1995, the Clinton Administration, citing Iran as a threat to national security, signed a trade embargo directed at Iranian oil companies and their partners.

This tumultuous history has created stereotypes as well as ignorance. Despite the inundation and wide-scale acceptance of much of Western culture, the Iranian government still labels the United States as “the Great Satan,” while President George W. Bush, in his 2002 State of the Union address, declared Iran part of the “axis of evil.” Hostility dominates the relationship. Major American foreign policy concerns in regard to Iran include prospects for democratization and liberalization, Iran’s role in the Muslim world, Israeli-Palestinian peace prospects, and ongoing negotiations on nuclear weapons. A look at Iran’s internal situation could help us understand the issues underlying its actions on the world stage.

IRAN’S DOMESTIC SITUATION

Dr. Michael Kraig of the Stanley Foundation characterized today’s Iran as, “a mess domestically, suffering from stagnant growth, declining industry, a very unhappy population, and a leadership hungry for cash and internal domestic legitimacy.” If this pessimistic scenario is the case, what are the current political structures and economic concerns that have led to this situation? What are the possibilities for reform in the future?

POLITICAL STRUCTURE

Iran’s multifaceted political structure established after the 1979 Iranian Revolution is a combination of an Islamic theocracy and a democracy. Iranian citizens have some outlet for their political views through the direct election of certain posts, and all men and women over the age of fifteen have the right to vote. However, citizens’ voting options are limited by higher authorities weeding out candidates that would contest their power. Religious authorities control the most influential institutions of government, and the Supreme Leader has few limits on his power. Ayatollah Ali Khamenei has been the Supreme Leader of Iran since the death of Khomeini in 1989. The Supreme Leader is a religious cleric who also has control over the country’s foreign policy, judiciary, media, and armed forces (including the regular army and the Revolutionary Guard, which was specifically formed to fight those opposing the Iranian Revolution and has volunteer militia branches throughout the country). In general, the Supreme Leader is highly influential in all spheres of government despite the appearance of a system with layers of checks and balances.

IRANIAN LEADERS

AYATOLLAH RUHOLLAH KHOMENEI: The religious and political leader of the 1979 Revolution, Ayatollah Khomeini directed the overthrow of the Shah and the establishment of the Islamic Republic of Iran. In the aftermath of the revolution, Khomeini obtained the title of “Imam” (the highest religious rank in Shi’ism) and led Iran as Supreme Leader from 1980 to 1989, covering the time of the Iran-Iraq war. Khomeini is hailed as the founder of the Islamic republic, and this legacy, as well as his image, are ubiquitous in Iran although he passed away in 1989.

AYATOLLAH ALI KHAMENEI: Ayatollah Khamenei succeeded Khomeini as the Supreme Leader of Iran in 1989. A follower of Khomeini since 1962, Khamenei was selected over higher-ranking theologians due to his ideological loyalty to the founder of the Islamic Republic. Despite occasional criticism over his post, Khamenei uses his power as Supreme Leader to spearhead the conservative battle against reformist politicians and students. The president of Iran is directly elected by the people, can serve no more than two consecutive four-year terms, and is the second most powerful post according the Iranian constitution. Newly-elected President Mahmoud Ahmadinejad is not a cleric, as his predecessors were, but is considered to be a religious conservative in touch with the concerns of poorer Iranians. The Iranian parliament, called the Majlis, has 290 directly-elected members who serve four-year terms. The current speaker of the parliament is Gholamali Haddad-Adel, who is notably the first non-clerical speaker and is also the son-in-law of Ayatollah Khamenei. The president’s cabinet, called the Council of Ministers, is appointed by the president but approved by the Majlis.

THE IRANIAN POLITICAL SYSTEM

For an interactive lesson on the Iranian political system, go to the following BBC site: http://news.bbc.co.uk/2/shared/spl/hi/middle_east/03/iran_power/html/default.stm

Other key institutions in the Iranian political system include the Guardian Council, the Assembly of Experts, and the Expediency Council. The Guardian Council is the most influential body, tasked with approving bills from parliament to match Iran’s constitution and Islamic laws and selecting the final list of candidates for the Majlis, Assembly of Experts, and for the office of president. The Guardian Council is composed of six theologians, appointed by the Supreme Leader, in addition to six jurists, who are nominated by the judiciary and approved by parliament, who serve terms of six years each. The Assembly of Experts, a directly-elected body of 86 clerics based in the holy city of Qom, appoints and monitors the Supreme Leader. Finally, the Expediency Council is an advisory council of political, social, and religious figures appointed by the Supreme Leader, charged with managing legislative disputes between the Majlis and the Guardian Council.
President Mahmoud Ahmadinejad: With his surprise 2005 electoral victory, hard-liner and former mayor of Tehran Mahmoud Ahmadinejad rose from relative obscurity to the highest elected post in Iran. An engineer by training, a veteran of the Iran-Iraq war, and former member of the Revolutionary Guard, Ahmadinejad ensured victory by projecting himself as a down-to-earth representative of the war generation, focusing primarily on issues important to poorer Iranians. Ahmadinejad is an ally of Ayatollah Khamenei and has a history of extreme political and social conservatism.

Former President Mohammad Khatami: To many his presidency symbolized the deep division inside Iran between moderate reformers anxious to connect to the rest of the world and conservative clerics focused on sustaining the Islamic republic. Elected into office in 1997 with approximately 70% of the vote, Mohammad Khatami easily beat the conservative candidate supported by Ayatollah Khamenei. A moderate cleric, he advocated a renewed dialogue with the West, an opening of cultural restrictions, and economic liberalization. Khatami ushered in the era of the Iranian reform movement, only to disappoint his followers with his eventual failure to overcome the conservative opposition.

The Struggle For Reform Within Iran

The current structure of the Iranian political system has been contested by a variety of political and religious figures and student activists. Constitutional reforms have been hotly debated, and many Iranians feel that too much power is given to the Supreme Leader and appointed officials rather than those in directly-elected posts. The late 1990s seemed to show great progress in the reform movement with the presidential victory of moderate cleric Mohammad Khatami in 1997 with an overwhelming majority of the votes. Student protests spread to over twenty Iranian cities in 1999 after the parliament considered limitations of the press. The parliamentary elections in 2000 resulted in a majority of reformist leaders in power of the Majlis. 2002 was another big year for student protests, sparked after Iranian clerics handed down a death sentence to a professor who stated that no one should just blindly follow any religious leader.

Over the next couple of years, however, the reform movement seems to have lost its steam. With ultimate authority resting with Ayatollah Khamenei as Supreme Leader, President Khatami’s proposals to relax political and cultural restrictions were unsuccessful. Iranians demonstrated their frustration with the reform movement with a strong resurgence of conservative politicians in local and parliamentary elections in 2004, although it must be noted that many reformists were not permitted to run in the elections. In December 2004, students in Tehran, formerly strong supporters of Khatami, booed and heckled him for failing to follow through on his promises. Since the constitution only allows two consecutive presidential terms, Khatami was ineligible to run for president in the June 2005 elections. Out of over one thousand applicants to run for president those elections, the Guardian Council selected seven for the final ballot and barred almost all reformist candidates from running.

An editorial piece from The New York Times after the results had been announced explained that, “presidential elections in Iran defy easy categorization. The winner assumes Iran’s highest elective office, but no president to date has been able to defy the wishes of the unelected ayatollahs who rule the country. And while the nomination process is very tightly controlled, the eventual winner often comes as a surprise to many Iranians and most outsiders.” This was the case with the surprise victory of Mahmoud Ahmadinejad in the second round of presidential elections, after a successful campaign to reach religious conservatives and poorer Iranians, and alleged assistance from his close ally, Ayatollah Khomeini, and the Revolutionary Guard. Ahmadinejad seems to have tapped into a portion of Iranian society that is more concerned with where their next meal or job will come from than their right to free speech or greater equality between men and women. It helped Ahmadinejad’s case that his “moderate” opponent in the second-round runoff elections was former president Akbar Hashemi-Rafsanjani, who was widely viewed as corrupt. Daily economic hardships, rather than political and social reform, dominated the motives of many voters.

Just in the past two years, political power in Iran has been consolidated—with conservative forces in the office of president, the majority of the Majlis, and the backdrop of conservative clerics with ultimate authority. The debates between theocracy and democracy, and conservative and liberal values, are key to the future of Iran. In an interview for a PBS Frontline program, Elaine Sciolino, author of Persian Mirrors: The Elusive Face of Iran, explained that in Iran, “You have a battle raging...for the soul of a nation. It's between these two impulses—belief and democracy. And belief doesn't allow for democracy. You can't turn around certain things in...Islamic law. You can't turn around that a father gets custody of the kids or that a woman's inheritance is half of a man's. But you can try to neutralize it with your democratic weapon by interpreting it in a certain way. And the reason this isn't going to go away is these interpretations are going on not only by secular reformers, but in the mosques by clerics.”

Mohsen Sazegara, who is widely considered to be a leader in the movement for democratization in Iran, argues that Iran must change its ways. “My history is that of all Iranian society. We were still young in 1979, but gradually we learned the facts from practice and experience. We used to believe in a socialist system, but I now know we need a market economy and democracy. To make it in this world we need cultural, political and social pluralism, not just Shi’ite Islam.”

The U.S. government has openly supported the democratic reform movement in Iran and has been concerned with political oppression, imprisonment of protestors and journalists, and women’s rights in Iran.
In a U.S. Senate Foreign Relations Committee testimony on Iraq, Rami Khouri, editor of the Beirut-based newspaper, *The Daily Star*, cautioned American policymakers on their enthusiasm for democratizing the broader Middle East. He stated that, “One of the continuing mistakes of the past century ... is that Western powers that enter the Middle East on the back of their military might tend to recreate Middle Eastern societies in their own Western image .... Rather than trying to replicate Western institutions in the Middle East ... it would be much more effective and culturally acceptable to identify those shared values that define Middle Eastern and Western cultures, and work together to give those values life and institutional meaning in new governance systems.” It remains to be seen what U.S. influence on reforms within Iran will be in the future and whether or not the demands for greater political and social freedom, particularly vocalized by younger activists, will be heard by Iranian leaders.

**IRAN'S YOUTH BULGE**

One of the most pressing concerns in Iran is changing demographics. Similar to many countries in the developing world, Iran is experiencing a youth bulge due to high population growth rates in recent years. According to the CIA World Factbook, the median age of Iranians is now 24 years old, compared to 37 years old as the median age in the U.S., or 43 years old as the median age in Japan, a country with a much greater elderly population. With nearly 30% of the population under the age of 15, and almost 70% under 30, Iran faces a demographic crisis. Demographic change of this magnitude puts increasing pressure on social services, health care, and educational systems. Plus, the Iranian economy does not produce nearly enough jobs to match the current rate of young people completing their education and entering the workforce. Currently there are only about 200,000 new jobs produced in Iran each year, while the demand for jobs from new workers is estimated to range from 800,000 to over one million each year. Although violent crime in Iran is not as high as in most countries, Iran’s own official statistics report at least 2 million drug users. Given Iran’s geographic position on the drug trafficking routes between Southwest Asia and Europe, and the failure to find jobs for its younger generation, these statistics could easily grow larger.

In a country like Iran, where the state has a prominent role in establishing social norms, one of the most apparent issues resulting from this demographic shift is a change in social dynamics. Most Iranians are too young to have experienced the Iranian Revolution, and some youth feel frustrated with cultural restraints imposed by the Islamic regime. The Iranian Revolution enforced constraints on appropriate dress and behaviors between men and women that today’s youth feel are too traditional. Given his conservative background, some have expressed concern that President Ahmadinejad may further restrict the behaviors and dress of Iranians. In an interview with *Der Spiegel*, Shirin Ebadi explained that despite that possibility, “Iranians will protect the freedoms they have achieved in recent years. For more than a quarter-century now, the system has been trying to force women into wearing the hijab, the dark scarf. But when you walk down the street now, you can see that the rules did not succeed. Women wear their head scarves casually. Should Ahmadinejad plan to curtail our freedoms, the Iranians will not play along.”

Another factor is that Iranian youth have greater access to information from outside their country than previous generations, particularly through the Internet. The Internet has allowed for greater connections between those in Iran and Iranians abroad. Many Iranians know friends or relatives who live in the United States. Weblogs are increasingly popular as a forum for a freer exchange of cultural and political ideas, which is not freely available through television or radio. The Internet is increasingly becoming a political tool to reach out to younger Iranian voters.

Former President Khatami was the first to establish his own campaign website, and his election victory was in part because he could explain his ideas for reform to young people through media they were comfortable with. By the time of the 2005 presidential election, nearly every candidate had developed their own websites to communicate their political ideas, including President Ahmadinejad.

Regardless of nationality, it is natural for young people to question authority, seek independence, and at times feel alienation. Iranians have feelings related to personal growth and identity just as Americans have. Young Iranians are also exposed to stereotypes about their culture and religion from the outside world and are aware of world events. One popular underground Iranian rock band, called “127,” addresses these personal feelings, contests stereotypes, and grapples with the insecure state of today’s world in one song’s lyrics:

> I just wanna watch Dylan playin’ live  
> I won’t fly into the Pentagon alive  
> and if they catch me on a plane  
> believe me it’s not for any political crime  
> I’m a living catastrophe, and my brother in Palestine  
> he’s even ten times more strong  
> but when they went to Afghanistan  
> or fly to free Iraq, I was singing in my room  
> When it bloomed in Japan and all the years of Vietnam  
> I wasn’t even born, this miserable world
ECONOMIC ISSUES

In addition to political pressures from a growing population, Iran faces major economic challenges that, if not addressed, could create greater instability in the future. The Iranian economy is based primarily on its wealth of energy resources. Iran is among the world’s largest oil producers and exporters, and has the world’s second largest natural gas reserves. Its ability to serve the growing energy needs of China and India, in addition to strong existing export relationships with Japan and Western Europe, is vital to its economic survival. Although its large natural gas resources are mostly consumed domestically, Iran’s economy is particularly dependent on revenues from oil exports. As a member of OPEC (Organization of the Petroleum Exporting Countries), Iran derives approximately 80% of its export revenues from oil. Higher oil prices led to a sturdy economic growth rate of 6% in 2004, but billions of dollars in oil revenues were not redistributed in a way to improve the lives of everyday Iranians. U.S. government estimates show 40% of Iranians living below the poverty line, inflation rates of 15% on consumer prices, a weakening Iranian rial, and growing unemployment. Unemployment rates are an estimated 11-14% but could possibly be twice that amount, especially among young people and women; 60% of university students are women, but only 10% of the workforce is composed of women, likely caused by both economic and societal limitations.

Economic concerns in Iran can be traced largely to the devastation of the Iran-Iraq war of the 1980s, which caused approximately $350 billion in damages on both sides, as well as economic sanctions imposed by the U.S. for Iran’s support of terrorist activities. The main responsibility for Iran’s economic woes today, however, lies with the government itself—inefficient, state-run industries, heavy subsidies, chronic budget deficits, and tight restrictions on foreign investment. Iran is desperate for foreign revenues and economic diversification or it risks disappointing the same Iranians who brought the new president into power. Iran’s insistence in having a fully indigenous nuclear power industry is in part related to its desire to be an energy exporter to an increasingly energy-hungry India and China.

IRAN’S ROLE IN THE WORLD

Oscillating between isolation and engagement, Iran has developed tenuous relations with Russia, the European Union, China, and its Arab neighbors, but continues the decades-long hostility with the United States. U.S. government leaders have focused on Iran in a number of public addresses, in the context of the global war on terror, combating the proliferation of weapons of mass destruction, and promoting greater reforms in the country’s political system.

President George W. Bush, in his January 29, 2002 State of the Union address, categorized Iran as a part of an “axis of evil,” explaining that, “Iran aggressively pursues weapons [of mass destruction] and exports terror, while an unelected few repress the Iranian people’s hope for freedom.” In 2005, President Bush and Secretary of State Condoleezza Rice have repeatedly characterized Iran’s government as “totalitarian.”

Iran’s relations with its immediate neighbors and the rest of the world touch on some of the main concerns for the U.S. and its allies—international terrorism, the Middle East peace process, energy resources, and weapons of mass destruction. Iran has had, until recently, difficult relationships with Iraq and Afghanistan, continues a decades-long hostility with Israel, and maintains its close relationship with Syria despite increasing pressure from the U.S. for the removal of Syrian forces from Lebanon.

IRAN AND IRAQ

With the end of Saddam Hussein’s regime, Iran has lost what was once its main rival for regional hegemony. Iran remains concerned about the future stability of Iraq, especially with the location of Shi’ite holy sites in the country and now a majority Shi’ite-dominated government in power. Iran is concerned about the treatment of Shi’ites as a minority group composing only 10-15% of the over one billion Muslims worldwide. Arab nations have worried about Iranian support for Shi’ite minorities in their countries, and Iran is suspected of supporting Shi’ite extremists in Iraq.

Given that there are disagreements and considerable competition among Shi’ite groups, it is not certain how much influence Iran actually has on Shi’ites throughout the Muslim world and in Iraq in particular. Otherwise, Iran’s relations with Iraq have generally improved with greater business investment and reconstruction efforts.

IRAN AND AFGHANISTAN

To the east, Afghanistan has also been a source of conflict for Iran since the Iranian Revolution. Iran opposed the Soviet invasion of Afghanistan by offering limited military and financial aid to Shi’ite rebel groups who supported Iran’s vision of an Islamic revolution. Iran also harbored two million refugees from Afghanistan during this time. Iran opposed the mistreatment of Shi’ites in Afghanistan during the reign of the Taliban and therefore supported the Northern Alliance. Relations with the Taliban worsened when they overtook the Iranian consulate in Mazar e-Sharif and executed Iranian diplomats. Since the removal of the Taliban from power, Afghani-Iranian relations have improved.

Historical, cultural, and linguistic ties have made the two countries strong business partners. In 2002, President Khatami was the first Iranian head of state in forty years to visit Afghanistan, and the following year Khatami and Afghan President Hamid Karzai signed several bilateral trade agreements. Iran’s business involvement has increased in Afghanistan as a result of energy supplies, infrastructure projects, plans for building new factories, and Iranian banking establishments.
IRAN, ISRAEL, AND TERRORISM

The Iranian government sees Israel as one of its major enemies. Iran continues to refuse to recognize Israel, and opposes U.S. support for Israel. Israel is greatly concerned about the possibility of Iran developing nuclear weapons that could be used against Israel directly, or as a counter to Israel's own deterrent—approximately one hundred nuclear weapons, the existence of which the Israeli government has neither acknowledged nor denied. Iran also provides support for violent opposition to the Israeli-Palestinian peace process.

In particular, Hezbollah, a terrorist group based in Lebanon, is supported by both Iran and Syria to oppose Israel. The U.S. is very concerned about Iran's support for Hezbollah, as well as Hezbollah's links to Al Qaeda, and is also concerned that Al Qaeda operatives may be in Iran under loose protection. Iran has announced that it has conducted several security sweeps to arrest and deport suspected terrorists as a part of the global war on terror, but Iran distinguishes between opposition to "global terrorism" and its support for Hezbollah, which it argues is fighting against Israeli occupation.

IRAN WITH EUROPE AND ASIA

In recent years, Iran has strengthened business relationships with Russia, Japan, China, India, and Western Europe, particularly in the area of Iran's vast energy resources. Notwithstanding protests from the U.S., Russia is assisting Iran in building the Bashehr nuclear facility, and in 2001, Iran and Russia established a military accord. In regard to Asia, 20% of Iran's oil exports currently go to Japan, and China and India in particular have great interest in developing Iran's energy resources. Western European business interests also have a lot to gain through investment in Iran's energy industry, but European governments are currently focused on the more pressing issue of Iran's potential development of nuclear weapons technology, the main contemporary concern for foreign policymakers in the U.S. and worldwide.

DEALING WITH IRAN'S NUCLEAR AMBITIONS

The nuclear debate within Iran appears to be only partly connected to the broader debate of reform. Experts agree that Iran's nuclear program—whether or not Iran chooses to develop actual nuclear weapons—is widely accepted within Iran as a source of pride and dignity. According to George Perkovich from the Carnegie Endowment for International Peace, "If you want to experience nationalism wrapped in nuclear power, this is the place .... Iranians want nuclear technology to show the world that their nation is advanced, fully developed, and strong—that Shi'ite Iran is the greatest society in Southwest Asia.”

The Iranian government announced in 2003 that it was pursuing a nuclear energy program in order to provide power to its growing population. While Iran has oil, the parliament subsidizes fuel for domestic consumption so that no revenue is made when Iran consumes its own product. The Iranian government maintains that the nuclear facilities—uranium enrichment programs—are only for peaceful nuclear energy purposes and that Islam prohibits a nuclear bomb. Henry Precht, who headed the State Department’s Iran desk during the Iranian Revolution, explains, “Virtually all Iranians, bitter opponents and loyal supporters of the regime alike, believe their country must have nuclear power if it is to have a growing economy like India and China.”

Iran argues that as a signatory of the Nuclear Non-Proliferation Treaty (NPT), it has the right to develop its civilian nuclear technology despite concerns from other countries. The first part of Article IV of the Nuclear Non-Proliferation Treaty clearly states that, "Nothing in this Treaty shall be interpreted as affecting the inalienable right of all the Parties to the Treaty to develop research, production and use of nuclear energy for peaceful purposes without discrimination and in conformity with articles I and II of this Treaty.”

According to Miriam Rajkumar from the Carnegie Endowment for International Peace, “Technically, Iran is still in compliance with its Non-Proliferation Treaty obligations, but as the IAEA [International Atomic Energy Agency] stated, ‘it is the number of failures of Iran to report the material facilities and activities in question that is a matter of concern.’” Suspicions also arise from the role of the Iranian military in guarding facilities and the fact that the enrichment plants seem larger than what would be needed for Iran's energy needs.

Perhaps one way of understanding Iran’s motives is to look at its sense of persistent isolation, its experience in the Iran-Iraq War, and the growing presence of the U.S. on all of its borders. Given its security needs, Iran may want to have the capability to become a nuclear weapons state—much like most of the developed, industrialized world—if it were to choose to be one. Yet, the world remains afraid of a nuclear Iran. The implications of a nuclear Iran are too unpredictable and the risks too high. The challenge is to convince Iran not to be one.
A broader issue with the NPT is that Iranian leaders and others in the developing world have characterized the treaty as having a double standard—countries that already have nuclear weapons capabilities, such as the United States, China, and Russia, are permitted to have their weapons (with an expectation that they will gradually reduce the number of weapons over time), while countries that want nuclear technology, even for purposes of energy production, are required to submit to strict standards, monitoring, and limited capabilities. Iranian leaders have spoken out about this inequality, which is largely echoed by others throughout the developing world.

That said, Iran did sign the NPT and committed itself to refrain from seeking nuclear weapons. This is in contrast, for example, to the case of India, which never signed the treaty, citing the same “double standard.” Yet, according to a senior Indian diplomat, Iranian officials recently sought India’s support on this point, to which the Indian prime minister replied that Iran should live up to its international obligations. One critical issue for the international community, therefore, is how to enforce international obligations that affect others’ security.

Mark Leonard, director of foreign policy at the London-based Centre for European Reform explains, “Iran’s nuclear strategy also has a diplomatic dimension—to isolate the U.S. and mobilize the developing world.... Tehran accuses the U.S. and the EU of focusing on the bits of the NPT they liked and dictating new terms to the developing world, while ignoring the rest of the treaty.... Tehran claims it is resisting western pressure not just for itself, but also for the sake of the developing world as a whole.” Whether the developing world is prepared to follow Tehran’s leadership on this point remains to be seen.

According to a March 2005 report from the Carnegie Endowment for International Peace, the possibility of Iran possessing nuclear weapons and delivery capabilities would have immediate consequences for the Middle East and throughout the world. The report’s section on Iran states the following: “A nuclear-armed Iran would sharply exacerbate regional security and almost certainly give rise to similar programs in other Middle Eastern states, reversing the trend set in Iraq and Libya. The nonproliferation regime would not likely survive such a breakout, while the Middle East would become even more dangerous. In short, Iran may be the key proliferation tipping point.... While Iran should not be denied the ‘right’ to nuclear energy, Tehran’s record has made it unsafe for the international community to permit Iran to produce weapons-usable uranium or plutonium. Iran should rely on guaranteed, cost-effective international supplies of fuel services to meet its energy needs.”

To counter arguments like the one above, Iran purports that its progress is consistent with the treaty. In mid-March 2004, Iran barred inspectors after the International Atomic Energy Agency (IAEA) condemned Iran for secrecy. After suspending uranium enrichment activities in November 2004, Iran again threatened to restart them. France, Germany, and the United Kingdom—also known as the EU-3—have tried to convince Iran that stepping back from their nuclear program would lead to economic benefits, including trade and Iranian membership in the World Trade Organization (WTO). In March 2005, the U.S. agreed to participate in the EU-3 effort and reversed its longstanding opposition to Iran’s membership in the WTO. The U.S. also agreed to EU proposals to Iran that would, under certain conditions, eventually support a civilian nuclear energy program, a change from past U.S. government opposition to any support for nuclear technology in Iran. According to the Associated Press, “The European countries wanted U.S. support on the theory that a united front was most likely to persuade Iran to comply. So long as the United States remained apart, Iran would delay meaningful steps to end its nuclear program, the Europeans argued.”

In August 2005, much to the dismay of the international community, Iran resumed uranium reprocessing. In mid-September, the IAEA passed a resolution stating that, “the history of concealment of Iran’s nuclear activities” had resulted in the “absence of confidence that Iran’s nuclear program is exclusively for peaceful purposes.” As a result of the IAEA resolution, Iranian officials warned that they would consider pulling out of the NPT if their case went to the UN Security Council. According to U.S. Ambassador Greg Schulte, member of the IAEA board and present at closed-door meetings, “These reckless words only serve to deepen our concerns about the nature and intent of Iran’s nuclear program.”

As this paper goes to press, Iran has reiterated that if the IAEA does not back down, Iran will cut trade with countries who supported the resolution, block inspectors of nuclear facilities, and resume uranium enrichment. Moreover, in early October 2005, Iranian Foreign Minister Hamid Reza Asefi stated, “Tehran says it will never again stop uranium conversion but is ready for dialogue.” These developments have left room for negotiation, but have not quelled anxiety amongst the international stakeholders.

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**IRAN’S NUCLEAR CHALLENGE: POSSIBLE OPTIONS**

- Accept a “cold peace”—the world might have to live with a nuclear-capable Iran
- Refer Iran to the UN Security Council.
- Continue negotiation in Iran through the EU-3 in hopes of reaching a compromise through economic/political incentives and sanctions.
- Strengthen the international standards and clarify the enforcement of procedures within the NPT and IAEA or create a new institution.
- Help foster mutual trust and support in the Middle East through the UN Security Council’s formation of a nuclear-free Middle East coalition.
Despite the IAEA resolution, however, there is not yet consensus among the major powers in the UN Security Council for any action against Iran, with Russia among those opposing any hard-line stance against Tehran.

In a February 2005 Carnegie Endowment Policy Brief entitled, “Iran is Not an Island: A Strategy to Mobilize the Neighbors,” George Perkovich explained, “To mobilize all of the international actors opposing Iranian nuclear development, the U.S. must recognize that Iranian proliferation, Persian Gulf security, the U.S. role in the Middle East, Israel’s nuclear status, and Palestinian-Israeli relations are all linked and cannot be resolved without a more balanced U.S. stance.”

Countries in the Middle East have been highly critical of U.S. policy in the region, citing U.S. support for Israel despite Israel’s occupation of the Palestinian territories. They argue that Israel’s development of nuclear weapons as creating a double standard, where Israel is permitted quite a bit of leniency while the actions of countries like Iraq, Syria, and Iran are closely monitored and are threatened with political, economic, and military consequences.

Perkovich also explains that a worst case scenario would be greater proliferation of weapons of mass destruction in the Middle East without the security of a treaty-based nonproliferation regime. He writes, “This scenario is why Israel has tried to strengthen the nuclear nonproliferation regime even as it has maintained its undeclared nuclear arsenal as a deterrent of last resort. The Arab states also have supported the nonproliferation regime even as they denounced Israel’s nuclear status. They do so because they, even more than the United States, need a rule-based, enforceable regime to prevent proliferation. Middle Eastern states now experience insecurity from neighbors with chemical and perhaps biological weapons, but the threat would grow vastly more difficult if existing constraints on nuclear programs were obliterated. Sunni Arab governments worry that a nuclear Iran would dominate the region and embolden resurgent Shi’ite political forces in Iraq and other Gulf states. Because the nuclear nonproliferation regime is helpful despite its flaws, neither the United States nor Israel can afford to abandon diplomatic efforts to confine Iran to peaceful uses of nuclear technology.”

But what if political and economic incentives and a regional security framework are not enough for Iran? What strategy could work if, one day, Iran has the capability to produce nuclear weapons? In an interview related to his new book, The Persian Puzzle: The Conflict Between Iran and America, Kenneth Pollack hypothesized how Iran might act if it were to become a nuclear weapons power.

Pollack explained that although a non-nuclear Iran would be preferable, “what I’ve seen from Iranian behavior over the past 15 years, since the death of Ayatollah Khomeini, really does convince me that it will be possible to live with a nuclear Iran. This is not a reckless regime like Saddam Hussein’s was—it’s nasty, aggressive, and ruthless, but it’s also very pragmatic. That suggests that we could approach Iran like we approached the Soviet Union—laying down 'red lines,' making clear that things like destabilizing Saudi Arabia would be beyond the pale. We would also need to set up the kind of cooperative security arrangements in the Persian Gulf that we used in Europe during the Cold War, maybe even moving towards arms control. I think all of those things should allow us to work out a cold peace between ourselves and the Iranians.”

CONCLUSION

With titles of publications such as Kenneth Pollack’s The Persian Puzzle, Elaine Sciolino’s Persian Mirrors: The Elusive Face of Iran, and Nikki Keddie’s Iran: Understanding the Enigma, it seems that even the most informed scholars realize that the nature of modern-day Iran is relatively uncertain, is unique, and will be difficult to understand fully. This uncertainty may lead to speculation and concern, or it may encourage future policymakers to make decisions based on Iran’s realities. As we have tried to suggest in this paper, the stakes are high—even if that reality is uncertain.

Iran is an important country both in the region and to the U.S. and the rest of the international community. On the one hand, there are many things about Iranian politics and policy that others do not like—its autocratic and theocratic political system, its support for terrorist organizations, its hostility to the peace process between Israel and the Palestinians, and its persistent search for a nuclear weapons capability in the face of objections by the international community.

On the other hand, U.S. policy in this region since 9/11—including the removal of Iran’s enemies in neighboring Afghanistan and Iraq—plus the broader economic realities of globalization and the energy market suggest that there may be some very important shared strategic interests that could form the basis for a pragmatic relationship.

Iran faces its own crossroads. Defying the rest of the international community would be the choice of radical political and religious leaders intent on seeing Iran as a global player regardless of the cost. Conversely, there are those who argue that Iran’s future lies in integrating itself with the international community and a global marketplace and Iran should favor finding a negotiated resolution of outstanding issues. This is nation with a rich culture and history and a perspective on the world that is different from our own. Ultimately, if the U.S. and the international community want to encourage Iran to make what we consider constructive choices, then we will have to gain a deeper understanding of Iran—its history, its people, and its role in the world.
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<tr>
<th>SOURCES AND REFERENCES</th>
<th>WEB SITES</th>
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<tbody>
<tr>
<td><strong>BOOKS</strong></td>
<td><strong>U.S. GOVERNMENT</strong></td>
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<td><strong>OTHER PUBLICATIONS AND RESOURCES</strong></td>
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**A FEW Farsi PHRASES…**

- welcome: khosh amadid
- hello: salam
- how are you? hal-é shoma khub é?
- not bad, thanks: mersi, bad n istam
- peace be upon you: salam aleikom
- goodbye: khodafez -or- khoda hafez
- please: lotfan
- thank you: motashakkeram
- don’t mention it: ghabel nabud

Source: FarsiNet, Inc.  [www.farsinet.com/farsi](http://www.farsinet.com/farsi)

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**MORE ON IRAN**

**GLOBALPITTSBURGH.ORG:**

**A DESCRIPTION OF THE IRANIAN COMMUNITY IN THEIR OWN WORDS**

**KHOSH AAMADID!**

The Persians are believed to have originated in Media, which today corresponds to western Iran and southern Azerbaijan. They settled in Persia on the eastern side of the Persian Gulf. Later, Macedonians, Arabs, Turks, and Mongols invaded and occupied Iran.

Iranians are famous for their hospitality, expressed by their insistent ceremonial politeness called *taarofe*; they consider a guest a “gift from God.” The Iranian community came to the Pittsburgh region either from other states or directly from Iran mainly as students and professors, and includes such diverse professionals as attorneys, physicians, engineers, industrial and commercial executives, and academicians. The Iranian community is small in number compared to other international communities in Pittsburgh.

Source: [www.globalpittsburgh.org](http://www.globalpittsburgh.org)

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**CONTEMPORARY BOOKS ON IRAN/IRANIAN CULTURE**

- **THE PERSIAN PUZZLE**
  - by Kenneth Pollack

- **IN THE ROSE GARDEN OF THE MARTYRS: A MEMOIR OF IRAN**
  - by Christopher de Bellaigue

- **MODERN IRAN: ROOTS AND RESULTS OF REVOLUTION**
  - by Nikki R. Keddie

- **THE LAST GREAT REVOLUTION: TURMOIL AND TRANSFORMATION IN IRAN**
  - by Robin Wright

- **THE IRANIANS: PERSIA, ISLAM AND THE SOUL OF A NATION**
  - by Sandra Mackey, Scott Harrop

- **MY UNCLE NAPOLEON**
  - by Iraj Pizishkzad

- **READING LOLITA IN TEHRAN: A MEMOIR IN BOOKS**
  - by Azar Nafisi

- **LIPSTICK JIHAD**
  - by Azadeh Moaveni

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**IRANIAN FOOD**

Lamb, wheat bread, eggplant, rice and yogurt are the staples of Iran. Fruits and vegetables, meats and fish, all seasoned with fragrant spices and herbs and frequently accompanied with yogurt as well as flat wheaten bread. Sweet hot tea served in tiny cups is the favorite anytime beverage.

As in most Middle East countries, the disparity between the diet of the wealthy classes and the low-income groups is great. The fine myriad of delicacies of the Iranian cuisine is the privilege of the upper classes alone. For others, cereals supplemented with dairy products, and small amounts of fruits and vegetables in season comprise their diet.


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**SEAN PENN IN IRAN**

In June of 2005 Oscar-award winning actor Sean Penn traveled to Tehran, Iran. He spoke candidly with Iranians about many topics – life in Iran, history, the Iranian election and much more. You can read Sean Penn’s 5-day journal online at [www.sfgate.com](http://www.sfgate.com). Below are the titles of his journal entries:

**DAY 1:**  A Culture in Deep Conflict/A Short History of U.S.-Iran relations

**DAY 2:**  A Meeting with Rafsanjani’s Son

**DAY 3:**  A Meeting with the Grandson of Ayatollah Khomeini

**DAY 4:**  Women’s Rights Rally Turned Ugly/ Student Not Afraid to Mock Mullahs

**DAY 5:**  The Journey Home After Pre-Election Bombing