

US-IRANIAN RELATIONS BEFORE AND AFTER THE ISLAMIC
REVOLUTION IN IRAN

A THESIS PRESENTED BY
HALE ERYILMAZ
TO THE

INSTITUTE OF ECONOMICS AND SOCIAL SCIENCES IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
DEGREE OF MASTER OF INTERNATIONAL RELATIONS

BILKENT UNIVERSITY

FEBRUARY, 1997

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Approved by the Institute of Economics and Social Sciences

Prof. Dr. Ali L. Karaosmanođlu

I certify that I have read this thesis and in my opinion it is fully adequate, in scope and quality as a thesis for the degree of Master of International Relations.

Asst. Prof. Dr. Nur Bilge Criss

Thesis Supervisor



I certify that I have read this thesis and in my opinion it is fully adequate, in scope and quality as a thesis for the degree of Master of International Relations.

Dr. Oya Akgönenç



I certify that I have read this thesis and in my opinion it is fully adequate, in scope and quality as a thesis for the degree of Master of International Relations.

Dr. Selahattin Erhan



ABSTRACT

This study presents a history of the relations between the United States and Iran before and after the Iranian revolution of 1979, and seeks to account for the reasons behind deep hostility between the two countries. It gives an account of the Iranian revolution and examines its impact on the relations between the two countries. Although both countries have legitimate grievances against each other, misperception and misleading dispositions have also contributed to the enmity between Iran and the United States. The United States' failure in Iran is attributed to its neglect of Iranian history, culture and religious orientation. The study concludes that an early dialogue between the United States and Iran is not conceivable; but given the realities of the interdependent world and the fact that the United States is a global and Iran is a regional power, they cannot afford to disregard each other.

ÖZET

Bu çalışma, 1979, İran devrimi öncesi ve sonrası Amerika-İran ilişkilerine bakmakta, iki ülke arasındaki düşmanca yaklaşımların sebeplerini araştırmaktadır. İran devriminin oluşumunu incelemekte ve devrimin iki ülke arasındaki ilişkileri nasıl etkilediğini sergilemeye çalışmaktadır. Her iki ülkenin de birbirinden şikayet edecek geçerli sebepleri olmasına rağmen, karşılıklı yanlış algılama, yanlış yönlendirebilecek kimi ön yargılar da İran ve Amerika arasındaki düşmanlığın artmasına katkıda bulunmuştur. Amerika'nın İran'da başarısızlığı uğramasının, temelde İran tarihi, kültürü ve dinsel yönelimini gözardı etmesinden kaynaklandığı tartışılmaktadır. Çalışmada, Amerika ile İran arsında erken bir diyalogun başlamasının pek mümkün görünmediği, ancak dünya gerçekleri ile Amerikanın küresel, İran'ın da bölgesel bir güç olduğu gözönüne alındığında her iki ülkenin de birbirini yok sayamayacağı sonucuna varılmaktadır.

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CHAPTER I: INTRODUCTION

The relatively short history of US-Iranian relations was marked by major fluctuations from complete alliance to complete enmity, and ranged from intense involvement to attempts at extreme isolation. As a result of the Iranian revolution of 1979 and the subsequent establishment of an Islamic government, the United States, once the savior of the country, turned into a satan. In order to place the contradictory nature of Iranian-US relations into a reasonable context, the history of the two countries' relations needs to be examined. This study attempts at such an objective and tries to find out the historical reasons behind the deep enmity between the United States and Iran.

After World War II, the withdrawal of Great Britain from the scene of Middle East and the possibility of a Soviet invasion of Iran led to closer relations between the United States and Iran. On the face of an emerging Cold War, the United States recognized Iran as a vitally strategic country for implementing its doctrine of containing the Soviet Union. Iran under Mohammad Reza Shah Pahlavi looked to the United States as the favorite counterweight to Anglo-Russian involvement in Iran and as a potential source of support.

However, the involvement of the United States together with Britain in the coup of 1953 against the nationalist leader, Mohammad Mossadeq, and in the aftermath, the repressive policies of the Shah created resentment among the Iranian population against the United States. Moreover, the legitimacy of the

Shah was shadowed as he was called as “the US Shah”. The fall of Mossadeq marked the beginning of intense US involvement in Iran and a client relationship between the two countries.

In the early 1960s, the Shah declared Iranian foreign policy as an independent national policy by which he meant normalization of relations with the Soviet Union and dealignment with the United States. In practice, however, neither of them took place and the United States continued to play an important role in the shaping not only of Iran’s foreign policy, but also of its domestic policy. The White revolution that the Shah initiated in 1963 reflected very much a program that the United States approved for Iran.

The Shah’s policies which were designed without taking into account the interests and needs of Iranian society, reflected his own priorities. Repressive measures he took against the opposition, and his overdependence on the United States prepared the ground for the popular explosion of 1979. The United States, choosing to conduct its relations with Iran only through Shah, was unable to notice the extent of the popular resentment against the regime in Iran, and its inconsistent policies during and after the crisis contributed to the consolidation of power by the clergy. The hostage crisis that started in November, 1979, led to a major confrontation between the fundamentalists in Iran and Washington. It left no room for the establishment of normal relations between the US and Iran.

During the Iran-Iraq war, the United States announced its neutrality, but as soon as the Iranians gained the upper hand in war, the US tilt towards Iraq became apparent. It did not even hesitate to join the war on the side of Iraq when the flow of oil became jeopardized in 1987. And the Irangate scandal has further worsened US-Iranian relations. The United States administration under the presidency of Reagan experienced difficult time when it became public that it had engaged in secret arms sale to Iranians during the war while it was officially trying to prevent other countries from selling arms to Iran.

After the death of Khomeini, the need for domestic reconstruction led the new leadership to adopt a more pragmatist line in foreign policy. The United States, on the other hand, did not give any sign of conciliation. Particularly after the defeat of Iraq in the Gulf crisis of 1991, it continued its efforts to isolate Iran, fearing that it might become powerful enough to dominate the Gulf, in the absence of a significant Iraqi power to counter its advance.

With the advent of Bill Clinton to the presidency, the United States administration initiated the policy of dual containment against Iran and Iraq. Yet, it has not been able to isolate Iran completely. Nor could it maintain a significant change either in the Iranian regime or in its way of conducting its foreign affairs, primarily because it could not persuade the other major trade partners of Iran for imposing an embargo on it.

Within the theory of international relations, this study comes closer to a realist approach in its inquiry of the relations between the United States and Iran. It deals with the actual happenings and the actions of the two sides in making an assessment. Nevertheless, it adopts a more critical approach and seeks the possibility of change in the mutual relations between the two countries. In the realist approach, the state is the primary unit of analysis, and the relations on the state level draws more attention. Beyond that, this study emphasizes the importance of the people behind the state and their cultural, social and economic systems. The international system, the states and the individuals are jointly considered during the analysis of events.

The study has a descriptive method in that it tries to give an insight about the history of the relationship of the United States and Iran. It presents a picture of how the relations between the two countries took shape. It also makes a comparative analysis and looks at the actions of the two sides in relevance to a certain event and does not solely reflect one side's perspective.

A survey of the literature on the subject suggests that the story of US-Iranian relations before and after the Iranian Revolution is not complete. Although there are plenty of written material about Iran, the Islamic Revolution in Iran, and about the foreign policies of the United States and Iran, there are relatively few materials that deal directly with the US-Iranian relations and they are usually edited books. Thus, the analysis of the relations of these two countries required a large literature survey.

One such book that analyzes the relations of the United States and Iran and also the Soviet Union is an edited book by Nikki R. Keddie and Mark J. Gasiorowski, named “Neither East Nor West: Iran, the Soviet Union and the United States”. It brings together twelve articles of various authors, some of which reflect the view from Tehran; some deal with the security, military and political relations between the United States and Iran. James A. Bill’s well-informed book, “The Eagle and the Lion: The Tragedy of US-Iranian Relations” gives a valuable account of the relations before and after the Iranian revolution till the late 1980s. Mark J. Gasiorowski’s book, “US Foreign Policy and the Shah: Building a Client State in Iran” examines Iranian cliental relationship with the United States and therefore contributes to an understanding of the origin of the Iranian revolution of 1979.

Apart from books dealing with the United States-Iranian relations specifically, some deal with the foreign policy of the United States towards the Middle East or the foreign policy of Iran and naturally reserve a significant place to their mutual relations. One example is “The United States and the Middle East: A Search for New Perspectives”, edited by Hooshang Amirahmadi. The book presents a critical analysis of US Middle East policy and specifies a section for US policy towards Iran and the Irangate scandal. Another example of this kind is the book written by Afrasiabi which is named as “After Khomeini: New Directions in Iran’s Foreign Policy”. It focuses on the Iranian foreign policy in the post-Khomeini era and demonstrates how the new leadership in

Iran has tried to redefine its mandate in the aftermath of Khomeini's death.

Another interesting point about this book is its theoretical sophistication. Its author presents it as the first book to offer a post-positivist critical theory of a country's foreign policy. In his book "The Making of Iran's Islamic Revolution: From Monarch to Islamic Revolution", Dr. Mohsen M. Milani offers an analysis of the causes and consequences of Iran's Islamic Revolution and also of the foreign policy of Iran after Second World War. It covers the domestic and foreign policy challenges facing Iran in the post-Cold War era.

The contemporary US-Iranian relations, especially the containment policy of the United States against Iran is discussed more in journals and in the articles of experts on Iran. Particularly the journals, *Middle East Policy* and the *Middle East Journal* have devoted their pages to the new developments in American-Iranian relations. Apart from these, other journals that deal with Middle East or US foreign policy, such as *Foreign Policy* and *Foreign Affairs* have dealt with US-Iranian relations.

CHAPTER 2: THE ENCOUNTER OF THE UNITED STATES AND IRAN

2.1 A Brief Summary of US-Iranian Relations from the end of World War II to 1979

Following World War II, America entered into Middle East politics suddenly without having much knowledge about the history of the region. But US policy began to take shape with the Truman Doctrine of March 17, 1947 which announced United States as the guarantor for the independence of Greece, Turkey and Iran. Iran was important for America because of its strategic location. Iran had a long border with the Soviet Union. Moreover, the country had large reserves of oil, and profitable markets which altogether turned Iran into an indispensable country for the United States. The 1945-46 crisis between the Soviet Union and United States over Iranian Azerbaijan and Kurdistan was one of the first incidents after the end of the Second World War in which the Soviet Union was perceived by the American rulers as an expansionist force that the United States had to counter.¹ The Soviets were supporting autonomist movements in Azerbaijan and Kurdistan. The Soviet troops backed the rebellious Tudeh Party and Tudeh-led government in the Azerbaijan province. In December 1945, Azerbaijani leaders established an autonomous state with the help of the Soviet troops. The troops were eventually withdrawn as a result of Western pressure and firm reaction by the United States. The crisis ended with the withdrawal of Soviet Union in 1947 by giving birth to a Mutual Defense Agreement between Iran and the United

States in 1950. Thus, the bipolarization of world affairs following World War II, in addition to the aspirations of the Shah for Iran, gave way to close relations between the United States and Iran.

As there took place a rapprochement with Washington on the governmental level, new political parties with Marxist, Islamic and nationalist ideologies, were being formed in Iran. The Tudeh Party, with support from the Soviet Union, became the most organized party of the period. The second political force in the country was composed of conservative groups such as the landowners, many members of the clergy, and some Bazaar merchants. But the real challenge to the Shah came from Dr. Mohammad Mossadeq, who formed the National Front in October 1949. It was a coalition of various groups having diverse ideological orientations, including Marxism, nationalism, and Islamism. The National Front was arguing for the nationalization of the oil industry and this nationalist sentiment quickly became so powerful that when the Prime Minister Hajali Razmara was assassinated in March 1951, the Shah had to empower Mossadeq as the prime minister in April 1951.²

2.2. Mossadeq's Rule and the Nationalization of Oil

The oil industry was nationalized during Mossadeq's rule (April 1951 to August 1953). The National Iranian Oil Company was formed; the Shah's total control over the country was eliminated, and democracy began to

prosper. In general, the Western powers did not support Mossadeq as he nationalized an industry which was entirely under the control of the West. In the beginning of his rule, Mossadeq enjoyed some support from the Truman administration. The influence of some US oil companies that had a stake in Iranian oil probably affected this attitude among other considerations. But the US attempts failed, for Mossadeq wanted nothing short of full control over Iranian oil. Britain also tried all the possible instruments to undermine Mossadeq and his plan to nationalize the oil industry: Britain boycotted Iranian oil, threatened to use military force, imposed economic sanctions but could not manage to change Mossadeq's mind. In the Iranians' view, Britain was not only exploiting a valuable resource, but also the Anglo-Iranian Oil Company was believed to have a well-developed relationship with the traditional forces in the country -landowners, tribal leaders, conservative religious leaders and the Iranian court. Diplomatic relations between Iran and Britain were severed in August 1952. Mossadeq was honored for having defeated a strong foreign power.

Despite this so called success, Mossadeq began to lose power. Inside the country, he faced the opposition of the Tudeh party. Besides, there were huge economic problems. The volume of foreign trade diminished as a result of the economic sanctions imposed on Iran by the West and their boycott of Iranian oil. The popular support that Mossadeq enjoyed was decreasing due to the severe economic conditions. Mossadeq also faced difficulties within the

National Front. There were internal divisions that threatened his power and legitimacy.³

The real threat, however, came from Mossadeq's foreign enemies, particularly the United States. American policy as it evolved in the late 1940s and early 1950s contained three vital objectives in the Middle East.⁴ The first and the central concern of America was the containment of the perceived Soviet threat. Containment of the Soviet Union required the free flow of oil from the Middle East to Western industry so that the West presumably would have the capability to meet the challenge from the Soviet Union. The oil had an indirectly strategic, but a directly economic impact on the United States and Western Europe. A steady source of oil was essential for a healthy Western industry. The other objective was not very closely related with the other two objectives but was a major policy concern for the American government. It was the independence and security of the state of Israel.

Thus, the United States had to find a way to reconcile these three primary objectives. But these were not objectives to be pursued easily, because, the Middle East was inherently not a stable area. It was in a process of rapid change. Any policy to be coherent and in line with these three objectives had to catch the speed of change in the region. The forces of rapid change were the forces of nationalism in Iran, as in most other countries in the Middle East at that period.⁵ When the nationalists first came to power in 1951, the

policymakers in America considered that the nationalists in Iran would be opposed to Soviet expansionism, thus would be a natural ally of the United States. But the Iranians proved to be very rigid on the matter of nationalizing oil. The policy of nationalization was primarily a matter that concerned Iran's relations with Britain, but the US was intensely worried about the consequences of this policy. First, the Anglo-Iranian controversy might cause the disruption of flow of oil to Western European allies of the United States. Secondly, Iranian nationalization of oil might provide an example for the other countries in the region and negatively affect US oil interest in the Persian Gulf. Another consequence of this policy might be the lessening of Western influence in the area as a result of British departure. Fourth, the US policymakers considered that the collapse of the Iranian economy, in a period of domestic political turbulence, might drive Iran to a communist coup that might result from increasing Tudeh influence.⁶

2.3. The Overthrow of Mossadeq

With the advent of the Eisenhower administration, and the prevalence of Secretary of State John Foster Dulles, the United States began to change its policy from one of diplomacy and conciliation to intervention and confrontation. The US started to be involved in covert activities against the Mossadeq government. The US government, influenced by Britain, came to believe that the nationalization movement of Mossadeq would hamper Western interests in the Persian Gulf. The US government entered into

cooperation with Britain and the conservative Iranians for the overthrow of Mossadeq. The Mossadeq movement was established around secular constitutionalism and economic nationalism, and Iran was even willing to negotiate the possibilities of compensation but in the West the Mossadeq government was portrayed as dangerously radical, one which allowed the Moscow-oriented Tudeh party to flourish.⁷ Finally, on August 19, 1953, a successful coup was accomplished and the nationalist movement in Iran was suppressed. The Iranian army, under the leadership of General Fazlollah Zahedi, toppled Mossadeq and called back the Shah from his temporary exile from Rome. The Shah named Zahedi prime minister.⁸ The coup was primarily organized by the foreign powers, but it was also supported, although implicitly by the landlords, the wealthy merchants, a significant number of the ulama, and members of the top ranks in the army.

The coup of 1953 had very important consequences for Iran and for Iranian-American relations. The fall of Mosaddeq marked the end of a century long friendship between Iran and America, and a new era of US intervention and growing hostility for America began among the forces of Iranian nationalism. The Shah lost much of his political legitimacy as he was believed to have been saved by the United States. He was labeled as the US Shah and he carried this stigma until the end of his life. Furthermore, psychologically, he began to feel himself dependent upon Washington, and he proved to be unable to act on his own during a crisis. After the coup, the United States and the West in general took all the measures to strengthen the new regime under the Shah, and to

bring Iran determinedly into the Western camp. The United States lost much of its credibility and respect in the eyes of many Iranians. The intervention alienated many generations of Iranians from America and the resentment against the US that it created has been the first step in the rupture of Iranian-American relations in the 1978-79 revolution.⁹ The 1953 coup suppressed revolutionary nationalism in Iran that would burst twenty-five years later in quite an extreme form. It is argued that the United States could have supported a liberal, popular, anti-Communist and pro-Western nationalist leader instead of siding with the Shah.¹⁰ But the coup guaranteed access to cheap Iranian oil for the Western states for the next two decades. The coup also enabled the United States to become the hegemonic foreign power in Iran. Washington conducted its relations with Iran through only one man, the Shah who had only one real source of power in Iran, the army.

2.4. The Establishment of a Client Relationship between Iran and the US

After the 1953 coup, the US established a strong client relationship with Iran. According to US policymakers, the main threats for Iran and US security interests were the domestic political unrest and a possible invasion by the Soviet Union. Although the Mossadeq government was removed from office, the National Front's base of support largely remained intact. The Tudeh Party also kept its base of support. On the contrary, the Zahedi government had little popular support. It would be very difficult for the new government to consolidate its power had it not taken harsh measures against all sources of

opposition. Hundreds of people were arrested; newspapers were forced to close; government employees hired by the previous rulers were dismissed. So, the United States engaged in a major effort to strengthen the Zahedi government against these threats using diplomacy, financial aid, and covert political action.¹¹

The most open measures that intended to show US support for the Zahedi government were a series of diplomatic initiatives. President Eisenhower sent a congratulating message to the Shah right after the revolution for having encountered the crisis successfully and Iran was welcomed for an aid request. Vice President Richard Nixon paid a visit to Iran in December 1953 during which the US officials publicly expressed their support for the Zahedi government. The United States also negotiated a new oil agreement with Iran which provided a significant revenue for the Iranian economy. An oil consortium was created including major Western oil companies where the British oil companies lost their dominance. The US companies became major shareholders. The terms of the agreement was signed and ratified by the Majles in October 1954.

In addition to these diplomatic steps, the United States granted the Zahedi government large amounts of economic and military assistance. In August, the Zahedi government requested an emergency economic aid package from the United States; immediately a \$23.4 million and an additional of \$45 million emergency aid was provided. The US also arranged large World Bank

loans for Iran. These large sums of US aid promoted rapid economic growth for Iran and enabled spending on domestic security, social services and other politically beneficial matters. These helped the government consolidate its regime and restore order.

It is also argued that after the 1953 coup, the United States engaged in covert activities to strengthen the Zahedi government. The CIA contacted the pro-Mossadeq Qaskqa tribe in Shiraz and warned them not to stage an uprising against the new government. The CIA station in Tehran provided intelligence on Tudeh Party. Iran's intelligence forces were trained by the CIA. A US expert on intelligence service was charged specifically for this duty and helped General Bakhtiar to establish a modern, efficient intelligence organization in Iran.¹² The main achievement of this organization was the detection and destruction of Tudeh's military network in September 1954.

2.5. The Baghdad Pact

In addition to the measures taken by America to strengthen Iran's new regime, the United States also encouraged Iran to establish security arrangements with other US allies in the region. The Baghdad Pact was the most important of these regional security arrangements, signed between Iraq and Turkey in February, 1955. Britain joined the alliance two weeks later, and in September and October, Pakistan and Iran joined respectively. Joining the Baghdad Pact meant for Iran that it abandoned its neutralist foreign policy and chose to ally

itself with the West.¹³ Such a conception of foreign policy of course reflected the Shah's foreign policy; his considerations about Iranian problems and his formulas for their solutions.

The Baghdad Pact was primarily a defense alliance aiming to prevent a Soviet invasion of the Middle East. The national security of Iran was the fundamental concern of the Shah in the 1950s and it was inseparable from domestic security, which mainly came to mean the security of his regime and of the dynasty. According to him, the most important outside threat to national security was posed by Soviet expansionism and within the country it was posed by the Tudeh Party. In order to combat these internal and external threats, the Shah mainly relied on two instruments: the armed forces within Iran and United States in the international environment. So the attractiveness of the Baghdad Pact for Iran was due primarily to the fact that it was a result of American initiative. Although the United States did not formally join the pact, it contributed financially and had representatives on three of the standing committees.¹⁴

From the very beginning, the Baghdad Pact embraced many problems. Iraq's decision to join the pro-Western alliance infuriated Egyptian President Nasser and he took steps to isolate the Iraqi government in the Arab world. The Soviet Union also strongly opposed the pact and denounced Iran and the other members of the pact. When the Iraqi monarchy was overthrown in July 1958, The Baghdad Pact lost Baghdad. The old agreement became Central Treaty

Organization (CENTO). CENTO had not been very popular in Iran. The member countries could not reach an agreement on basic military matters. In the mid-1960s, CENTO became an instrument for limited economic cooperation. With the withdrawal of Iran and Pakistan from the organization in March 1979, CENTO came to an end.

The Iranians were greatly disappointed when the United States chose not to become a member of the organization as they did not want to provoke a new Soviet move into the Middle East. Instead, after the Suez crisis of 1956, the Eisenhower administration decided to quest a congressional resolution. In January 1957, the president's proposals were approved by the congress which came to be known as the Eisenhower Doctrine. The doctrine authorized the president to employ American armed forces to protect the integrity and independence of any nation or group of nations in the Middle East which requested such aid against overt armed aggression or international communism. Iran, Turkey, Pakistan and Iraq announced jointly their support of the president's resolution.¹⁵

In the meantime, the relations of Iran and Israel were improving. In 1957 the Shah, acknowledging the importance of Israel in terms of Iran's economic and security interests, sent the director of SAVAK, General Teymour Bakhtiar, to Israel to investigate areas of mutual cooperation between the two countries. After a series of meetings between the SAVAK and MOSSAD officials, the ground for a working relationship between the two intelligence services was

established.¹⁶ By the time of the Iraqi revolution of 1958, David Ben Gurion proposed the establishment of a peripheral pact between Israel and Iran. The Shah agreed and Iran became Israel's supplier of petroleum after the Soviet Union decided to end oil supplies to Israel.

The 1958 Iraqi revolution had a deep effect on Iranian foreign policy. Its immediate effect concerned Iranian relations with the United States. As the United States was not a member of the Baghdad Pact, later to be named CENTO, the Iranians sought to negotiate a bilateral defense agreement with the United States. But to their disappointment, the US government only agreed to sign an executive agreement in March 1959. The Iranian quest for security was doubtlessly not fully satisfied with this agreement, but at least it promised more economic and military aid.

2.6. The “Independent National Policy” of Iran

Since the early 1960s, the Shah described Iran's foreign policy as an independent national policy. This indication was generally understood in Iran as the normalization of relations with the Soviet Union and dealignment with the United States. But the facts do not support this characterization. There took place a normalization of relations with the Soviet Union on commercial, economic and technical matters but politically, tensions were reduced only between 1962 and 1967, only to be heightened subsequently. And dealignment with the United States never occurred, either practically or

legally. After the 1968 British decision to withdraw from the area east of Suez, Iranian alliance with the United States even intensified. The structure of decision making in foreign policy did not undergo a significant change. The Shah continued to play the dominant role.

In the period between the late 1950s and 1964, the United States was not as sympathetic as before toward Iran with regard to arms acquisition. The United States placed more emphasis on socioeconomic development in countries like Iran. With the Presidency of John F. Kennedy, the United States began to urge for reform in Iran to encounter the challenge of the urban middle class. In March 1961, the Iran analyst at the Department of State, John W. Bowling, listed fourteen suggestions to the Shah which became a blueprint of the Shah's subsequent reforms.¹⁷ Political unrest and upheaval was shaking Iran in the early 1960s. In January 1963, the Shah announced his six-point White Revolution. It included land reform, nationalization of forests, sale of state-owned enterprises to the public, a profit-sharing plan for the workers, women's suffrage, and the creation of Literacy Corps. Many of the reforms that the Shah adopted were identical to those recommended by America. In order to legitimize the White Revolution, the Shah called for a national referendum in early 1963, and it was approved by an overwhelming majority. The land reform had important consequences. Although it contributed to political stability among the rural communities, it indirectly led to tensions in urban areas. The land reform also created a conflict of interest between the ulama and the Shah's regime. In 1960, there were around 40.000 *vaqf*

holdings that had their own lands for charitable purposes. Land reform was curtailing the revenues of the ulama from the *vaqf* holdings. Consequently, land reform marked the end of peaceful relations between the ulama and the Shah that was experienced since 1953. The death of the Shi'i religious leader Ayatollah Borujerdi intensified the opposition of the ulama against the government. The people among the Shi'i hierarchy who disapproved Borujerdi's conciliatory and cooperative policy with the Shah now found the opportunity to express their objections to the government. Moreover, Iran was experiencing an economic depression which made life difficult for everyone.

In early 1963, Ayatollah Ruhollah Khomeini emerged as the spokesman of the ulama. In his speeches he was denouncing the Shah and the corruption of his rule.¹⁸ Khomeini was arrested because of his July 3, 1963 speech and his arrest led to massive rebellions throughout the country and turned Khomeini into a popular religious leader. After he was freed, he continued his severe criticisms of the policies of the Shah, especially the United States' perceived intervention in Iranian affairs. The Iranian regime, convinced that Khomeini could not be peacefully silenced, decided to exile him. In November 1965, he was forced to leave Iran for Turkey. An important result of Kennedy's reform policy for Iran had been even deeper involvement of America in Iran's internal affairs. Although America shared the credit for reform, it also shared the blame for the repression exerted by the Shah.

2.7. The Presidency of Lyndon Johnson and Growing Anti-Americanism in Iran

When he became president, Lyndon Johnson had much experience related with Iran. His foreign policy professed almost the same principles as those of the Kennedy administration. It embodied both a concern for human rights and a commitment to use military force to secure stability in Third World countries that were governed by American allies. In October 1964, the Iranian Majlis approved a law that gave full diplomatic immunity to American military personnel in Iran. The US Department of Defense has been urging for such a contract for some time. The acceptance of such a policy represented a clear violation of Iranian national sovereignty. It was called in Iran the Capitulations Agreement.¹⁹ Immediately, reactions throughout Iran and the Iranian nationalists of all kinds expressed their outrage against the government and to the strengthened position of the United States in Iran.

Overall, the US policy makers' growing confidence in the Shah's ability to check domestic unrest led the US to reduce military and economic aid to Iran sharply in the mid-1960s. Also, the US ability to pressure the Shah for further reforms decreased. The CIA, as well as the State Department, reduced their intelligence-gathering capabilities in the mid- and late 1960s. From the mid-1960s onward, US economic aid to Iran, close relations between the CIA and SAVAK and other aspects of US-Iran cliency relationship declined or ended, but the link between the two countries remained very strong. Iran continued to

obtain advanced military equipment from the United States and the two countries continued to carry out joint security-oriented activities. The United States was buying large amounts of Iranian oil and was the primary trade partner of Iran, and the latter was buying consumer goods and other products from the US. The Shah maintained good relations with the Soviet Union, actively worked for the nonaligned movement, played a role within OPEC to increase the price of oil, and often condemned the United States and the West in this period in order to counter the impression that he was an instrument of the United States. Nevertheless, his image as a puppet of the US persisted among the public and unrest against the Shah in Iran grew. Although the Johnson administration praised the policies of the Shah, many Iranian students and nationals living in the United States were flooding the White House and the State Department with telegrams condemning the repression of the Shah's regime.

The Johnson administration steered the American policy absolutely into a pro-Pahlavi course. There are several reasons for such a policy. First, although Johnson spoke of economic welfare, social justice and political reform, he believed in the importance of military might and efficacy of force, particularly in foreign affairs. So, he was covertly approving the repressive measures of the Shah. Secondly, Johnson was absorbed in the Vietnam War, and it was important for him that friendly Third World countries shall remain stable. From this aspect, Iran not only seemed to have a stable government, but was also one of the few Third World countries whose leader supported America's

Vietnam policy. In addition, the Shah was emphasizing his support for Israel, however subtly.

2.8. The Path to Islamic Revolution

In the 1960s and 1970s, the Iranian state had such a high degree of autonomy that it managed to operate without support of the society and societal input. In other words, the state enabled to operate without the feedback to be provided by legitimate political parties, popularly elected legislatures, or a free press.²⁰ The society's interests and needs were not reflected in state policies which merely became a tool for the Shah's personal and arbitrary priorities. Rapid economic growth, wielding rigid control over domestic politics, strengthening Iran's military forces, promoting Westernization and secularization (however weak), and rendering Iran an important actor in regional and world politics were among the priorities of the Shah. He opted for an autocratic model of development for Iran in which political participation, especially by the middle classes was suppressed. The few democratic institutions remaining like the Majles and labor unions were brought under the Shah's control. And, he could not be expected to attempt to reduce inequality and poverty, democratize the political system or safeguard Iran's traditional values and institutions.

In the 1960s and 1970s, the Shah's modernization strategy suffered from several shortcomings. First, the massive development projects that the Shah introduced led to an uneven development in the economic and political

spheres. While the former was modernized, the nature of the latter remained the same. Secondly, as these strategies proved unable to break the strength of Iran's traditional society, they created dualisms in the economy, cultural field and in modes of thinking.²¹ While the modern sectors of the economy were strengthened, the power of the bazaar was not destroyed. Secularization was somewhat realized, but the ulama's power was not diminished considerably. Thirdly, the modernization impulse of the Shah lacked a supporting ideology and had a very narrow base of support. The modernization programs, the White Revolution, the educational and legal reforms benefited disproportionately a small group of urban elite.²² The policies of the Shah alienated the three fundamental traditional sections in the Iranian society -the bazaaris, the ulama and the landed upper class. They suffered as a result of Western-oriented modernization. As this alienation increasingly continued, the state was driven into isolation from the masses and it could only survive through repression and foreign support, primarily from the United States. The Iranian society came to such a point that the state and the ruling elite were on the one side and almost all the other sections were on the other. In 1975, the Shah abolished all the political parties and established a single party, Rastakhiz (Resurgence) for all Iranians. Each person in Iran was requested to be a member of the party and the Shah announced in advance that those who did not want to be a part of the political order, could leave Iran.²³ For the first time, even nonpolitical individuals were required to publicly identify themselves with a royal political party. In this period, other factors such as international political and economic conditions, shortages of skilled manpower

and capital also affected state policies. The enormous increase in world oil prices in the early 1970s enabled the Shah to pursue his priorities with less constraint. As a result, the divergence between societal needs and state policies grew rapidly, leading to increased political unrest and eventually to revolution

CHAPTER 3: THE BACKGROUND OF THE IRANIAN

REVOLUTION

3.1. Revolutionary Times For Iran

In the 1970s, especially after the oil boom, United States' perception of Iran as a stable regional power in the Middle East was strengthened while domestically, the consequences of rapid economic growth led to dissent towards the regime enhanced by the disproportionate allocation of increased oil revenue. As it decided in 1968, Britain withdrew from the Persian Gulf in 1971; and at that period, the United States was deeply involved in Vietnam. At such a time, both the United States and Britain were happy to see that Iran under the Shah was assuming the role of the policeman of the Gulf. The United States' major ally for pursuing the policies of containing the Soviet Union and ensuring stability in the Persian Gulf was Iran; simultaneously, the Shah was happy to see Iran taking up the role of a regional power. President Richard Nixon relaxed US policy towards arms sales to Iran and the military contracts with the United States rose dramatically from 1972 to 1973.¹ The magnitude of the Iranian purchase of American arms was an evidence of the intensification of Iran's alignment with the United States. And this time the United States decided to provide Iran with sophisticated modern weapons. Iran's willingness and ability to play the leading role in the Persian Gulf also coincided with Nixon Doctrine's reliance on local powers to protect their own as well as American interests without the involvement of US.

In the 1970s, Iranian oil revenues increased astronomically. This unexpected increase left the government with little time to design a rational economic program. The state's dominant role in the economy allowed the Shah to pursue his own economic priorities which included promoting rapid industrialization, accomplishing his ambitious military and public works projects, and providing a relatively high standard of living for Iran's upper and middle classes. These priorities were far from reflecting the interests of Iranian society as a whole. As a result of these policies, distortions began to occur in the Iranian economy. First, the growth and productivity of different sectors were not balanced. There was a great emphasis on industrialization to the detriment of the agricultural sector. In the 1970s, this sector experienced negative real growth. And within the industrial sector, all the development efforts were focused on modern products, a policy which caused stagnation in traditional industries.² Furthermore, the industrialization program of Iran inclined to be capital intensive which meant that more investment projects could be financed if labor intensive techniques had been used. This generated less employment for skilled and unskilled workers and more for managers, engineers other white-collar workers, leading to increased social tension. Moreover, rapid development brought to Iran seriously large numbers of foreign technicians and managers, around 35.000 of whom were Americans. The high standard of living of these people provoked further resentment among the Iranian population. In the 1970s, public consumption grew rapidly. The added public expenditure on military equipment increased the import account of Iran.

These distortions in the economy caused problems one of which was the extensive rural-urban migration that took place as a result of the relative neglect of the agricultural sector, and the attraction of employment in the industrial sector. Most of the newcomers were unable to find suitable jobs, lived under bad conditions and they constituted the urban lower class that became the main base of support for the radical Shi'i clergy. In the cities, while the income of middle and upper class Iranians was rapidly growing, the income of urban lower class grew all the more slowly. During the early seventies, dissent began to grow and spread to a broader social base. Neither the economic policies nor the political, social and cultural policies of the Shah reflected the interests and needs of the society. Not only the traditional classes but also the modern-educated, politically distinguished Iranians, middle-class nationalists and intellectuals, Marxists, secularists, Islamic modernists, writers, poets, journalists, university professors and students voiced their concerns for Iran's national identity and independence.¹ Western style consumption among the wealthy, widening income disparity between the rich and poor intensified the discontent brought about by overcrowding in the cities, high rents and land prices. The survival of the royal regime in Iran was dependent on the actions of the Shah only, but the Shah lacked any possibility of attracting positive mass political support as he failed to achieve legitimacy, be it nationalist or religious and as he did not allow the means through which the awakening mass could participate in the political process.

3.2. Human Rights Policy of President Carter

Carter's advent to the presidency was interpreted by some observers as a blow to the Shah.⁴ The reason for this was the two goals of Carter's foreign policy that were at many occasions emphasized: enhancement of human rights around the world and arms reduction. Each of these policies were in contradiction with the Shah's own policies and aspirations; he would have to revise his authoritative and repressive practices and his ambitious military modernization program might be severely limited.⁵ The anti-Shah opposition in Iran greeted Jimmy Carter's election to the presidency with delight. His ambition for working for the enhancement of human rights around the whole world was a sign of hope. Moreover, he was known to have identified himself with religious values.

In the campaign for presidency, Jimmy Carter advocated the enhancement of human rights around the world. This policy was formed amid the internal disturbance after the United States' defeat in Vietnam and the Watergate scandal. The reflection of the most cherished values of American society such as respect for human rights, in United States' foreign policy was a persistent idea in US diplomacy, but it became popular in the Congress in 1970s. The new administration was resolute in its wish to weaken and even severe relations with the despotic rulers of the Third World. The administration carried out a selective campaign against some countries in which human rights were violated. Iran was one of these countries.

The Shah, who was sensitive about his image in the international community, took some steps to change the bad reputation of Iran in the international arena. The 1977 liberalization program was a part of the Shah's attempts to improve the international image of Iran. Carter's human rights policy, undoubtedly affected the initiation of the reform program. The Shah was under pressure to liberalize his autocratic rule. But once the Carter administration took office, it saw the necessity to somehow balance the strategic and economic interests of the United States in Iran. The insistence on the respect of human rights in Iran was almost impossible without offending the Shah. Thus, the United States had difficulty in reconciling the humanitarian rhetoric of the administration with the US economic and military interests in Iran. As a result, the United States' actual foreign policy began to diverge from its initial humanitarian character when it came to Iran, and the Carter administration's Iranian policy turned out to be inconsistent and self-defeating.⁶ One reason for this was the deep division within the Carter administration about the policy toward Iran. Some argued that rapid liberalization in Iran might bring about destabilizing consequences, while another group within the administration considered liberalization as a prerequisite for the long-term stability of Iran. And when the revolutionary movement in Iran was at its early phases, Carter was preoccupied with the SALT II negotiations and the Camp David Accord, and did not worry himself much about Iran. It was clear that he was not well informed about the intensity and extent of opposition to the Shah.

The liberalization policy that the Shah initiated in 1977 may be considered as the beginning of the mass movement that eventually overthrew the monarchy in Iran. Before liberalization, the organized opposition to the Shah was kept under the rigid control of SAVAK. The Tudeh Party lacked any effective organization in Iran. The National Front, The Liberation Movement were also under SAVAK surveillance. Fada'iyun and Mojaheddin, the two main guerrilla organizations, were internally divided and they were restricted to a small faction of the population. The main constraint that kept these groups inactive was the fear that SAVAK generated within Iranian society. To outside observers, the Shah's regime seemed invincible as it was supported by the Iranian armed forces, the United States, and major European powers. Iran was considered to be a modernizing, stable society. But they were soon to be proven wrong. Behind the apparent stability was a closed society on the edge of explosion; there was an insecure regime whose ideas and ideals were alien to the society at large. Although the organized opposition in Iran was fragmented, it had the potential to challenge the government should an opportunity arise; the liberalization policy provided that opportunity.

Carter's human rights policy and the Shah's liberalization initiatives profoundly had a psychological impact, among other things.⁷ Both the Shah and the opposition changed their attitudes. On the one hand, before Carter's presidency, there was a general conviction in Iran that Washington provided unconditional support for the Shah. On the other hand, now, the human rights policy of the new administration was pressuring the Shah to reform his

political system. Gradually, this new perception of US policies gained more acceptance among the Iranians and the opposition found a new source of life. Belief in the invincibility of the Shah was overcome. It was a characteristic of the Iranian political tradition to suspect foreign clandestine activity behind any significant event in Iran. The demand for the respect of human rights could be interpreted as United States' disapproval of the Shah's policies and an encouragement to the opposition.

Opposition to the regime in Iran began to crystallize by 1977 into a coalition that seemed to include four elements: The National Front, primarily consisting of professional classes, students; bazaar merchants; leftists of various orientations; and Shi'i clergy. Although these groups had little in common considering ideologies and political objectives, they together formed a negative alliance. The hatred of the Shah and his regime brought them together. The protest movements against the Shah began in early 1977. At several occasions it was observed that SAVAK forces did not intervene, which was perceived by the opposition as the end to the period of outright repression. But the most encouraging event for the opposition was demonstrations against the Shah and the violent confrontation between the supporters and his opponents in Washington, D.C. during his formal visit to the United States in November 1977.⁸ It was interpreted by the opposition as another indication that Washington was on its way to withdraw its absolute backing of the Shah.

In the initial phase, the opposition movement was essentially reformist and nonviolent. Predominantly, the students and the secular intellectuals were voicing their concerns. From March 1977 to December 1978, the government pursued a policy of neutralizing the emerging opposition by organizing its own supporters through the Rastakhiz Party. Meanwhile, Washington continued to pressure the Shah for reforms. On the first day of 1978, President Carter visited Tehran and honored the Shah for maintaining an island of stability in one of the most troubled areas in the world.⁹ However, almost simultaneously with Carter's visit, the reformist, poorly organized movement was spreading to the urban centers. More important than that, the ulama was seizing the leadership of the movement. Shi'ism was becoming the umbrella under which divergent groups came together.

The revival of Shi'ism should not have been surprising for an attentive observer of Iranian politics. In the previous two decades, the symptoms of the revival became outrageously visible. Only in Tehran, twenty-five religious publishing houses were founded between 1965 and 1975. The number of veiled women and Islamic student associations increased. A number of incidents in Iran increased the tension and carried the movement onto a revolutionary course. In early January, 1978, the Shah, encouraged by Carter's public declaration of support, approved an article that attacked Khomeini. Thereafter, the ulama organized a mass meeting in Qom. More than a dozen people were killed by the police mainly because the armed forces had been only trained to deal with external threats and did not have the

appropriate instruments such as tear gas, for dealing with crowds. Riots in other urban centers broke out after this incident. Meanwhile, the main target of government's hostility, Ayatollah Khomeini, took full advantage of being in exile to carry out an unrelenting propaganda against the Shah. His speeches were broadcast in Iran's mosques. The response of the government and Shah to the events in the country was inconsistent. While on the one hand, the Shah continued with his liberalization, on the other, he took strong actions to suppress the growing revolutionary movement. He was taking away with one hand what he had given with the other. His frequently expressed reluctance to use massive force against his own nationals was for the consumption of the foreign powers. His attitude towards the United States was paradoxical, because while he suspected Washington of working for his downfall, he was seeking guidance from Washington.

It is not very easy to identify whether President Carter and his advisers had any comprehensive information about what was happening in Iran, and whether they understood its significance. For a long time, reports from the American Embassy in Tehran did not indicate the magnitude of the situation or the possibility of the downfall of the Shah. The intelligence of CIA proved inadequate. In any case, any contact of the CIA with the opposition in Iran would be interpreted by the Shah as undermining his rule. Thus, the US government had to rely on the information provided by the Iranian government and SAVAK. Even as late as August 1978, reports from CIA stated that Iran was not in a revolutionary, even in a pre-Revolutionary situation. However,

all the opposition forces in Iran were getting closer to unification. By the end of July 1978, the events came to such a critical point that the Shah had to postpone his Eastern European trip. In September 1978, martial law was imposed in Iran.¹⁰ On September 8, hundreds of people were killed during the demonstrations on Jaleh Square. Right after the Jaleh Square massacre, President Carter announced his support for the Shah over Radio Tehran which made many Iranians believe that the United States had supported, even had ordered the shootings.¹¹ And this event ended any hopes for rapprochement between the government and the opposition, and the moderates found themselves forced to take a more radical, uncompromising stand against the Shah's regime. Policymakers in the US were very slow in adjusting themselves to the revolutionary situation in Iran. Until November 1978, just three months before the collapse of the Shah's regime, the US ambassador, William Sullivan, advocated supporting the Shah as the best option for the United States.

The Shah, who had never been decisive under pressure, gave uncertain response to the crisis. By September 1978, it was not even certain whether a heavy blow on the opposition would end the protests and in any case, the Shah did not want to use more force and cause further bloodshed. Moreover, he was getting contradictory advice from his own advisers as well as from Washington. The Shah waited for the recommendations from Washington throughout the crisis but the policymakers in Washington were themselves divided over how to deal with the events in Iran. In October and November

1978, nationwide strikes and street demonstrations began. In December, the Shah finally decided to meet with the opposition. The belated meeting with the National Front leader, Karim Sanjabi, did not improve the situation and Sanjabi wanted the Shah to leave the country, but it was refused by the Shah.¹² Through the end of December, the British and the American diplomats were also advising him to leave the country. At this juncture, the Shah looked for a civilian prime minister and turned to another member of the National Front, Shapour Bakhtiar, who accepted his proposal to become prime minister on condition that the Shah would hand over his authority to a Regency Council and leave the country for an undetermined period. The Shah left Iran on January 16, 1979. Thus, the price of being indecisive had been very high for the Shah.

As he became prime minister, Bakhtiar exerted much energy. He gave freedom to the press, dissolved SAVAK, but he did not have the power to control events on the streets. He did not want Khomeini to return to Iran as he feared an army coup. But Khomeini arrived in Tehran on 1 February 1979 and the Bakhtiar government collapsed on 11 February. Revolutionary forces took control and Khomeini announced the establishment of the Islamic state. The Iranian revolution reflected as much a nationwide opposition to the Shah's foreign policy as well as to his domestic policy.¹³ The opposition's criticism of his foreign policy focused on his de facto alliance with the United States.

The Western shock at the Iranian revolution was a result of misleading assumptions more than lack of information. The prevailing assumptions in social sciences about the nature and consequences of modernization in the Third World were, indeed ethnocentric and did not, at all instances suit the realities of the Third World. The basic misleading assumption, as argued by Milani, was that the Western model of development had universal applicability. But the Iranian revolution showed that what is good for United States and Western Europe may not always be good for the Third World; the United States' failure in Iran was mainly due to the fact that it never bothered to concern itself with the culture, religion and history of the Iranians, instead, the United States preferred to conduct its relations with Iran through one man only. This insensitivity on the part of the United States led to bankruptcy of its policy in Iran.

Related with this major assumption, another assumption arose: that economic growth leads to stability.¹⁴ It was considered that merely economic assistance would suffice to solve all the problems of the Third World countries. Another misleading assumption was that religion cannot be a relevant force in revolutionary movements. Islam as a political force was hardly discussed. Radical change was associated with secular ideologies such as nationalism and socialism. Also in Iran, the leftist and nationalist groups were considered to be the agents of revolutionary change, hence a tool of the Soviet Union.

Apart from misleading assumptions, political considerations of the United States flawed the analysis of pre-Revolutionary Iran. Its interests in Iran led the United States to close its eyes to what was wrong with Iran. In order not to antagonize the Shah, Washington ignored negative reports about Iran. It depended on SAVAK for information and under the Shah, SAVAK was not a dependable source. The Americans only knew or wanted to know the Iran of the rich, of the Western-educated, of the modern factories and armed forces. They also acknowledged the middle-class, anti-Shah dissidents whom they considered to constitute a serious threat to the regime. But they disregarded the supposedly powerless Iran; Iran of the mosques, of the shantytowns, of the bazaars, of the peasants, and of the poor.

CHAPTER 4: FOREIGN POLICY OF THE ISLAMIC STATE OF IRAN AND IRANIAN RELATIONS WITH THE UNITED STATES AFTER THE REVOLUTION

4.1. The Islamic State of Iran

By January 1979, as the Shah was forced into exile, the fundamentalists in Iran emerged as one of the most powerful forces in the country, catching the West and especially the United States by surprise. The Shah's incoherent strategy towards the revolutionaries during the course of the revolutionary movement (1977-1978) contributed to their victory and helped the fundamentalists gain an upper hand vis-à-vis the moderates. But not only the Shah, but also the former ally of Iran, the United States misunderstood and mishandled the revolutionary movement, pursued a disconcerted policy which helped radicalize the revolutionary movement. The United States failed to catch up with the speed of the events and lagged behind the revolutionary movement. The US policy-makers were far from realizing the internal dimension and direction of the movement and lost the opportunity of helping to bring about a more moderate alternative. The moderate faction in the revolution (the Islamic and secular nationalists and the reformist *ulama*) were unable by themselves to stand up against the radicals. The US also failed to facilitate cooperation between the revolutionaries and the army. The armed forces, whose integrity might help moderates play a leading role in the revolutionary movement in Iran, were disintegrated.¹ Moreover, there seemed to have been at least four different US centers of decisionmaking in the course of Iran's revolutionary

movement: the White House, State Department, National Security Council, and the US Embassy in Tehran. All these centers made incoherent judgments about the situation in Iran. Once the Shah was overthrown, the United States lost almost all its impact on Iranian politics. His exile marked the end of the period of US dominance in Iran (1953-1979). Unwilling to recognize Khomeini's leadership and the fact that the fundamentalists became the dominant force in Iran, the United States approached moderates in the transitional government, which was a delayed and consequently an unfruitful action. It further provoked the fundamentalists and accelerated their consolidation of power.

In revolutionary Iran, the interaction between domestic politics and foreign policy has been profound. As mentioned by a scholar, the revolution itself was a 'twin revolution', reflecting the effects of that interaction.² The Shah's faulty domestic politics, as well as his foreign policy, especially his policy towards America, promoted the revolutionary process. With the establishment of the Islamic Republic, basically pro-Western foreign policy of Iran changed to one that can be summarized by the slogan "neither East nor West" (*nah sharq , nah gharb*).³ But this slogan was interpreted differently depending on the faction that was ruling the country. Khomeini's views were important in the conduct of Iran's foreign policy, which can be summarized as independence vis-à-vis the great powers and the encouragement of Islamic movements in other areas.

The foreign policy of the new regime towards the super-powers was influenced by its perception of their support of the dethroned Shah. The internal function of foreign policy was extremely important in the eyes of the new leadership. In order to retain the revolutionary momentum, there was a need for an identifiable external enemy and Iran's attitude towards the superpowers was shaped in line with this consideration.⁴ The United States was well-suited to perform the function of that enemy not only because of its close alliance with the deposed Shah, but also because Iran felt secure to know that America could not afford to retaliate. Furthermore, Iran could not afford to identify the Soviet Union as the target of its hostility, because of strategic and political reasons. And unlike the old regime, the new one had a different perception of threat: for the Islamic regime, the threat was not emanating from the Soviet Union, but primarily from the United States and the regional regimes that were in alliance with it.

Right after the collapse of the old regime, a brutal struggle for the control of the state began among the former allies. As mentioned before, various groups with different ideologies and aspirations had come together for the overthrow of the Shah. Thus, each of these groups were claiming to be the legitimate leaders of the Revolution. The Shi'i fundamentalists under Khomeini's leadership came out of this power struggle as the victorious force. Khomeini appointed Mehdi Bazargan as prime minister of the provisional government on February 5, 1979. A prior objective of the government was to abolish the subservient alliance of the Shah's regime with the United States, and place the

relations of the two countries on an equal plane. The new government adopted a nonalignment policy. Bazargan sought to terminate America's dominant influence in Iran. The first foreign minister of revolutionary Iran, Karim Sanjabi, based the nonalignment policy of Iran on four pillars: history, Iran's geographic position, the ideals of Islam, and the principle of complete reciprocity in relations with other countries.⁵ Indeed, neither Sanjabi nor Bazargan had an Islamic endowment. Contrary to Khomeini, both believed that the nation-state should form the basis of people's loyalty to the state.

The US government recognized Bazargan's government and decided to continue regular diplomatic relations with Iran.⁶ The United States still had much at stake in revolutionary Iran. Its profitable markets, its significance as the major oil producer, the importance of its strategic location were recognized by Washington. Despite this recognition, Washington did not act in line with its interests in Iran. The Bazargan government worked to construct strong bilateral relations between Iran and the United States but Washington did not cooperate; at least the Iranian authorities considered so. Indeed, the challenge of anti-Americanism in post-revolutionary Iran did not become a high policy concern in Washington. During the nine months of Bazargan government, the only issue related with Iran that received permanent attention from the Carter administration was whether the Shah should be admitted to the United States, or not.

In spite of the basically anti-American and anti-Western posture of the Khomeini regime, a certain degree of normalcy was reached in Iranian-American relations. Although Bazargan resented Carter administration's support of the Shah, he tried to pursue a nonhostile, nonalignment policy toward the United States. In March, 1979, Iran withdrew from CENTO. More significantly, the Iranian-American defense agreement of 1959 was canceled in November. In order to overturn the years-long de facto alliance, the web of military relationships with the United States had to be reconstructed. The Iranian army needed the delivery of military spare parts from the United States. Khomeini also approved a program to acquire military spare parts.⁷ Still, the anti-American feeling was very high in the country. American imperialism was pictured as the source of many troubles in Iran. Among the left-wing parties and Islamic groups, there was strong opposition to a rapprochement with the United States and a certain degree of hostility toward the Bazargan government.

4.2. The Hostage Crisis

The admission of the Shah to the United States on October 22, 1979, for medical treatment created great resentment in Iran towards America. Although the personnel in Tehran embassy warned Washington that they might be taken hostages unless the admission of the Shah was postponed, Washington did not pay attention to the warning. The admission of the Shah altered the political atmosphere in Iran; the leftist groups emphasized that it

was impossible for Iran to preserve its independence with continuing normal ties with the United States.

On 1 November 1979, Bazargan met with Zbigniew Brzezinski in Algiers and presumably this was the reason behind the seizure of the US embassy. The personnel of the embassy were taken hostage by students on November 4, 1979. The hostage crisis led to a major confrontation with Washington and the fundamentalists in Iran. It ended any hope of establishing normal relations between Iran and the United States. President Carter broke diplomatic relations with Iran on April 7, 1980 and imposed unilateral economic sanctions. The hostility that it generated in the United States almost completely obscured the constructive moves that Iran made during the crisis. Iran made an initiative to negotiate with the Americans and Iran's German lawyers met with American lawyers on May 15, 1980 in a small town near Frankfurt and the negotiations that took place led to a pragmatic economic solution to the international litigation.⁸

However, religious-oriented revolutionary leaders of Iran suspected that the American government might be planning to restore the Shah's regime. Khomeini decidedly prolonged the crisis in order to put in practice all the institutions of the Islamic Republic and also to force the United States to accept the sovereignty and independence of Iran.⁹ By rallying the masses behind anti-US rhetoric, the radical faction managed to out-manuever the liberals in power and took control of the state political power. With the

support that it gave to the seizure of American hostages, the Khomeini regime itself isolated Iran in world affairs. This event has changed the character of the foreign relations of revolutionary Iran from being one of 'defensive' to 'confrontational'.¹⁰

Bazargan, who condemned the seizure as a violation of international law, resigned two days later and the transitional period came to an end. His resignation was a major victory for the militant students and fundamentalists and a setback for the forces of moderation and the nationalists. The principle of equality in relations with the United States was replaced with hostility. In the early phases of the crisis, President Carter's policy was inconsistent and changeable. First, he approved the admission of the Shah into the United States, which can certainly be justified on moral and humanitarian grounds. But then he decided to force the Shah out of the United States who was suffering from a terminal disease.

The revolution in Iran, and the hostage crisis afterwards affected the economic relations between Iran and the United States. Despite the partial control of the liberal elements over the government during Bazargan's term in office, the volume of trade between the two countries was reduced. US exports to Iran reduced rather sharply (by 72%) during 1979 while US imports from Iran remained almost at the pre-revolutionary level.¹¹ The hostage crisis completed the break of economic relations between the two countries. There was a period of 444 days, between November 4, 1979 to January 20, 1981, before

the hostages were released. The Carter administration imposed economic and diplomatic sanctions on Iran which were quite effective. During the crisis, the country was so isolated that it had to buy food, weapons, and other objects from the European black market at inflated prices.¹²

4.3. The Presidency of Bani-Sadr

Bani-Sadr was elected as the first president of the republic in January 1980. The period from then on until the dismissal of Bani-Sadr in June 1981 was marked by a power struggle between the clerics and their opponents.¹³ Bani-Sadr engaged in a fierce and aggressive struggle to defeat the fundamentalists, unlike the passive strategy of Bazargan. The leadership of Bani-Sadr was not effective; his followers constituted the minority in the parliament and in practice, he was the president of the opposition.¹⁴ During the hostage crisis, Bani-Sadr worked out a plan for the release of the hostages but Khomeini's declaration in February that only the Majles had the authority to deal with the solution to the crisis terminated this plan. As a result, the hostage crisis moved the revolution toward radicalism, allowed the fundamentalists to increase their anti-American rhetoric, and to confirm their control over the state bureaucracy, revolutionary institutions and the armed forces. These developments further diminished the power of Bani-Sadr and turned him into a figurehead president.

By the middle of 1980, the hostage crisis, which enabled the fundamentalists to consolidate their power, began to become a burden: Iran was diplomatically isolated, war with Iraq was approaching, and the economic sanctions imposed by the United States were very heavy. Thus, Iran softened its demands for the resolution of the crisis. The hostage crisis was resolved in January 1981 just as Carter was moving out of the White House and leaving his place to Reagan. Carter desperately needed the votes he could gain through managing the release of the hostages before the election day. But during the campaign, Reagan's office met with emissaries of Iran in Washington and Paris and they promised that the Reagan administration would supply the Iranian government with US-made weapons and spares.¹⁵ Reagan won and after taking office in January 1981, the agreement to resolve the crisis was honored and the US economic sanctions against Iran were lifted. Diplomatic relations between Iran and the United States were not reestablished as a result of the settlement of the dispute, but the threat of a direct US attack upon Iran was curtailed. The ending of the hostage crisis also removed a major obstacle for the improvement of relations with other developed countries, Japan and Western Europe. Iranian trade with these countries increased notably.¹⁶

4.4. Iraqi Invasion of Iran

On September 22, 1980, Iraq invaded Iran. The immediate cause of the war was the Iranian Revolution of the previous year. The universalistic, populist Islamic Revolution was perceived by Baghdad as posing a major threat to the

secular ideology of the Ba'athist party and to the regime of Saddam Hussein. Iraq had a large Shi'i population that might be encouraged by the Islamic revolution in Iran. The Islamic ideology challenged the imported ideas of nationalism and socialism upon which the ideology of the Ba'athist regime was formed. Deeper causes of the war lay in the rivalry between Iran and Iraq in the Persian Gulf. Essentially, the Iran-Iraq war was a dispute over borders; a conflict about the division of the waters of Shatt al-Arab River.¹⁷ The dispute seemed to have been resolved in 1975 with the signature of the Algiers Agreement and both countries' observance of the treaty was satisfactory from 1975 until the revolutionary takeover in Iran in February 1979. The new Iranian leadership did not seem to be interested in demonstrating diplomatic niceties. It neither abandoned the 1975 treaty formally, nor did it declare that it would go on to observe it.

Iran and Iraq were the two most powerful and populous states of the Persian Gulf and geopolitically they were rivals within that region. The conflict between the two states had a long historical background. The modern conflict between Saddam Hussein and Khomeini was at the same time a conflict between two religious sects (Sunni and Shi'a), two nations (Arab and Persian), and two philosophies (radical Arab nationalism and Islamic radicalism).¹⁸ The Iraqi decision to attack Iran reflected several thoughts: that the Iranian army was demoralized and disorganized after the revolution and would be unable to counter a severe military attack; an expectation that a speedy and a comprehensive defeat of Iran would alter the balance of power in the Persian

Gulf to the benefit of Iraq; and Saddam Hussein's ambition to emerge as the leading figure in the Arab world and to render Iraq the hegemonic force in the Gulf as the Shah had been in the 1970s.¹⁹ Saddam was also encouraged by Iran's failure to end the hostage crisis and the antagonism this had created between Iran and the United States, by the economic and military sanctions imposed upon Iran by Washington, and by Iran's international isolation. But the results of the invasion proved to be contradictory to the intentions of Iraqi leadership. It provided the Islamic government with a new source of life; the whole country gathered behind Khomeini; a passion of Shi'ism together with deep Iranian nationalism gratified the armed forces. The fundamentalists found another opportunity to deepen their anti-American rhetoric. True, the war intensified the struggle between the fundamentalists and Bani-Sadr, as foreseen by Hussein, but to the detriment of the latter. Saddam Hussein seemed to be unaware of the history of revolutions which dictates that external aggression contributes to consolidation of revolutions and to the dominion of radical elements.

After the Iranian Revolution, and Soviet invasion of Afghanistan, the main policy objectives of the United States in the Persian Gulf were to keep the Soviet Union out of the Persian Gulf, to contain the Islamic revolution and to assure the free flow of Gulf oil to the Western world.²⁰ In order to achieve these goals, two countries became important for Washington: the United States first sought to strengthen Saudi Arabia and to establish a regional security structure to contain Iran. Right after the outbreak of the war, the United States

sent two AWACS aircraft to Saudi Arabia and continued to militarize the country in the course of the Iran-Iraq war. Secondly, the strategy of containing Iran drove Washington closer to Iraq which at that time had no formal relations with the United States and was still in State Department's list of "state sponsors of terrorism". So, even before the outbreak of the war, there occurred improvements in the informal relations between Washington and Baghdad. But the United States would not let Iraq become the hegemonic force in the region as Saddam had so ambitiously hoped. Washington's strategy was to allow him to get just strong enough to contain the Islamic Revolution. During the Iran-Iraq war, Washington's objective was indeed to watch the mutual destruction of the belligerents and to prevent any one of them to emerge as victorious or in other words, to maintain that there would be two losers in one war.

The war left the United States with a difficult dilemma and Washington preferred to tilt toward Iraq, although it formally demonstrated its neutrality and refused to sell arms to either belligerent. But America was giving nonmilitary aid to Iraq. America did not want Iran to come out as the victor, because this would allow Khomeini to control the world's main oil fields. In addition, the United States was trying to contain the spread of radical Islam and to prevent the expansion of war. At the same time, Washington did not want to drive Iran closer to the Soviet bloc either. In January 1980, President Carter announced that the United State would fight any 'outside force' trying to control the Gulf 'by any means necessary, including military force'.²¹ The

statement, known as the Carter Doctrine, signaled to the Soviet Union the eagerness of the United States to use force in the Gulf in case its vital interests were threatened.²² The Soviet invasion of Afghanistan in December, 1979, reminded Washington of the reality of a Soviet threat to Iran and the Gulf. This might mean a possible cutoff of Gulf oil which would be devastating for the United States and other Western industrial powers that had become dependent on the energy resources of the Gulf. When the Carter Doctrine was declared, America did not have a military unit, but only a conception of defense. But in January 1983, during Reagan's presidency, Washington established the United States Central Command, a unified regional command.²³ What was initially a unilateral declaration, came to be an American deterrent force in effect, that was to help local defense efforts primarily against a regional threat rather than a Soviet one.

The first UN resolution, passed in September 1980, called for a cease-fire but did not identify Iraq as the aggressor, nor demanded the return to the established pre-war borders. So, the resolution was rejected by Iran for good reason. Saddam Hussein also rejected it, as he was expecting an easy victory. After the first military attack by the Iraqi armed forces, a military stalemate continued until the summer of 1981. In that period, Iraq seemed to have the upper hand. Only within two years, could Iran mobilize its forces effectively. From September 1981 through May 1982, Iran performed three significant military offensives and forced Iraq to withdraw to the pre-war border in most places. At such a juncture, Iran had a valuable opportunity to end the war

to the US and its allies that Iran would not let any country export its oil in the Gulf if Iran itself could not.²⁶

4.5. The Irangate Scandal

Shortly after the outbreak of the Iran-Iraq war, an unacknowledged collaboration began between Israel and Iran. Indeed, the Israelis welcomed the war for security reasons as it would keep the Iraqi forces engaged and would replace the Israeli-Palestinian conflict as a focus of attention. Some Israelis who were involved in arms sales, informed the Iranian authorities that they could sell arms to Iran. Khomeini decided to purchase Israeli arms as long as it was assured that the actual sellers would not be Israelis.²⁷ Thus, Iran, in a sense was able to break the arms embargo of United States. In 1985, the Israelis managed to get the US government involved in its ongoing arms sales to Iran. This covert operation lasted three years and it involved illegal arms sales to Iran, and negotiations for the release of the US hostages in Lebanon held by the Lebanese Shi'ites. Reagan and his administration were attracted by the plan because the Israelis made them believe that their contacts with some pro-Western, anti-Khomeini elements within the Iranian regime might be to the benefit of the American government. There were also other factors that affected the decision of Washington. Iran could in many respects be considered as the major power in the Gulf and some important members of the Reagan administration believed that America's long-term interests in the region required the establishment of connection with Iran.²⁸

According to the Reagan administration, the operation was a result of the US government's will "to establish contact with moderate elements within and outside the government of Iran...in order to enhance the credibility of these elements in their effort to achieve a more pro-US government in Iran..."²⁹ The issue did not only involve arms sales to Iran but it also involved the transfer to the Contras in Nicaragua of profits from the sale of weapons to Iran. On this unusual occasion, a Third World country deluded a superpower through manipulation and deception. According to Mansour Farhang, it was no one but Khomeini himself that supervised the secret purchase of arms from Washington.³⁰ And the real objective behind the US sale of arms to Iran seems to be a deal for the release of US hostages in Lebanon, although it was denied by Reagan.

Whatever the reasons were, this secret operation was a disaster both for the Reagan administration and for Iranian-American relations. The scandal decreased the reliability of Reagan administration both domestically and internationally. In order to calm down domestic critics, the government began an aggressive anti-Iran policy. The scandal once again revealed that Washington was far from realizing the intense connection between domestic politics and foreign policy in Iran. Khomeini was once described as being irrational and a fanatic, and the possibility of a resolute, logical foreign policy for Iran seems to have been disregarded by Washington.

In early 1987, the Iranian policy of the United States was in a complete disorder. The covert US arms sale to Iran was made public in November of 1986. The United States' credibility in the eyes of the Arab Gulf states fell considerably. The United States now had two foreign policy questions related with the Middle East. The first one was about what kind of a course the Iranian-American relations would follow in the wake of the scandal. The second question involved the restoration of confidence among the friendly Arab governments of the Persian Gulf. Secretary of State George Shultz answered the first question in a statement. He declared that the United States recognized the Iranian revolution, which meant that they would not attempt to overthrow it. Conversely, the US government would seek to establish contacts through normal diplomatic channels. In the same statement he also sent signals to the Arabs saying that the United States would be firm against Iran on issues of terrorism and security.³¹ Although the Iranian government did not send a direct reply to Schultz' statement, Hashemi Rafsanjani, a few weeks later announced that the relations with the United States did not need to be cut forever if the US did not plan any mischief. The second problem of regaining Arab confidence was more complex and the reflagging of Kuwaiti tankers in late 1986 may be considered to be related. The tanker war entered into a new phase when Kuwait asked for the support of both superpowers to protect its ships from Iranian attack.³² The United States sent a positive response but did not offer to provide naval protection; in contrast, the Soviet Union offered full cooperation immediately. When the US administration learnt about the Soviet response, it declared its willingness to reflag all eleven Kuwaiti tankers and to

provide them with naval protection, which the Soviet Union would not be able to offer. With the reflagging of Kuwaiti tankers in March 1987, the United States became directly involved in the Iran-Iraq war on the side of Iraq. Although Iraq was attacking more ships than Iran, Washington was only condemning Tehran for making navigation in the Gulf very dangerous.

In January 1987, Iran launched its largest and most carefully planned offensive, Operation Karbala V. In March 1987, the United States government was informed that the continuation of the war could lead to an Iranian breakthrough that might impair the strategic interests of the United States.³³

In the same year, a congressional report concluded that Iraq could lose against Iran. Thus, the United States initiated some diplomatic efforts. In early 1987, there were meetings between Saddam Hussein and US officials. Hussein was promised that the United States would work in the UN Security Council for a resolution whose terms would be supposedly unacceptable to Iran. Iraq would accept the resolution and Iran would probably reject it, and enforcement measures such as an international arms embargo would be imposed on Iran.³⁴

But 6 days after this meeting, Iraqi missiles hit the USS *Stark* in the Persian Gulf and killed 37 US sailors, yet President Reagan blamed Iran. The reflagging of Kuwaiti tankers coincided with this event and with the Karbala V offensive of Iran, America virtually became directly involved in the war after suffering an attack coming from Iraq, although unintentional. Contrary to Iranian leaders' expectations and US worries, the Iranian offensive failed to achieve a breakthrough and the Iranian leaders were discussing whether a new

offensive the following year would change anything.³⁵ They were also aware of the fact that the Iranian people had become exhausted by the ongoing war.

In July 1987, UN Resolution 598 was adopted unanimously by the five permanent members of the Security Council. The resolution called for the ending of hostilities, but as planned beforehand by the United States through consultation with Iraqi officials, it did not determine the aggressor, nor did it mention war reparations to Iran; these were the two main conditions of Iran for peace. Americans were aiming to further isolate Iran and gather support for a worldwide arms embargo against Iran. But Iran, correctly reading the US design, neither approved nor rejected the resolution and prevented the imposition of an arms embargo. Accordingly, Iran asked for more time to study the resolution and offered to observe a cease-fire if a commission was formed to determine who initiated the war, in accordance with paragraph six of the resolution. Iraq rejected the Iranian offer as invalid and carried on full-scale attacks on Iranian cities and ships. Instead of evaluating the signals coming from Tehran, the United States devoted its efforts to attain an arms embargo against Iran.³⁶

The US Navy was quick to destroy the small Iranian Navy in the Gulf. Hopelessly, Iran began to mine the Persian Gulf, but it was a miscalculated decision. International public opinion was alarmed; Iran's diplomatic efforts to win support for its position was damaged seriously. In the meantime, Iraq gained the upper hand in war. And anti-war sentiment began to be openly

demonstrated in the major cities of Iran and more disturbingly for the Iranian leadership, it was now known that Khomeini was severely ill and virtually disabled. In July 1988, the USS *Vincennes* downed a commercial Iranian aircraft and killed all the 290 passengers and crew. Iran could not even gather sufficient support at the United Nations to condemn the US action. The isolation and weakness of Iran was more than apparent. Militarily confronting serious attacks from the United States and Iraq, and internationally isolated, Iran accepted the UN resolution on July 18, 1988.

It was concluded in early 1987 by the Iranian leadership that they could not be the winners of this war, so the following events can be considered as domestic discussion in Iran about how to withdraw. The moves of Iran suggested that there was a willingness to reach a settlement. On the other hand, the radical factions in Iran wanted the continuation of war for ideological reasons or for their own interests. Seen from this standpoint, the actions of external actors become important as they either encourage or hamper the peacemaking process. The impact of the United States is not all clear. Its insistent attempts on punishing Iran, first by drafting the UN resolution in a way supposedly unacceptable to Iran, then persistently trying to achieve an arms embargo in spite of the Iranian efforts for achieving a compromise settlement, probably contributed to the prolongation of the war. The United States ignored the possibilities of an agreement and thus strengthened the arguments of the radicals in Iran.

CHAPTER 5: US-IRANIAN RELATIONS IN THE POST-KHOMEINI AND POST-COLD WAR ERA

5.1. Post-Khomeini Iran

Since the death of Ayatollah Khomeini in June 1989, the Islamic Republic of Iran has experienced dramatic changes in its regional and global environment. The Kuwait crisis of 1991, the disintegration of the Soviet Union and the end of the Cold War created a new strategic environment that required an overall rethinking of Iran's foreign policy norms of conduct. The Iranian policy agenda was further complicated by the pressure of the need for urgent postwar reconstruction. The death of Khomeini led to the emergence of dual leadership of Ayatollah Ali Khamenei and President Ali Akbar Hashemi-Rafsanjani. President Rafsanjani took the upper hand in devising Iran's foreign policy. He started an economic opening and managed to achieve an economic arrangement with the majority of Western nations. In the two regional crisis brought about by the Iraqi attempt at expansion and Soviet dissolution, Rafsanjani's Iran demonstrated to the world its stability and maturity. As a result, the international image of Iran began to improve slowly and steadily. The depiction of pariah state attributed to the Khomeini era was undergoing a transformation due to the desired image of the post-Khomeini Iran as a norm-abiding state.

Before elaborating on the foreign policy of Iran and Iranian-American relations in the post-Khomeini era, it is appropriate to look at the dynamics of

Iran's foreign policy. In the analysis of Iran's foreign policy, the role and weight of Islamic beliefs in determining the conduct of foreign policy has been a general issue of argument. But, in order not to fall into the trap of cultural reductionism, we should acknowledge that in any relation between Iran and another country, not only ideological interests and concerns, but also geopolitical and strategic considerations are taken into account. The Islamic ideology of Iran and its national interests are not necessarily in contradiction.¹ There can be a functional relationship between Islamic ideology and Iran's national interests. The US-Iran arms deal revealed among other things that the Iranian regime was capable of pursuing the national interests of the state despite having an Islamic ideology.² In post-Khomeini Iran, the political leadership made a pragmatic turn in foreign policy due to the dictates of Iran's national interests. Rather than a reorientation of the regime, this turn reflected an adjustment to the changing environment and to changing priorities of Iran.

The institutions and norms that the Iranian state has been using to reproduce itself after the Islamic revolution were predominantly religious in character. Also in the external self-expression of the regime, religion played a determining role. In post-revolutionary Iran, Islamic revolutionism and national state-building were both operative. In the international arena, nationalist concerns and Islamic extraterritorial impulses together were the motivating forces of state behavior. The 'irrationality' that was attributed to some foreign policy actions of Iran can to an extent be explained by the intermingled priorities of state institutionalization on the one hand, and the

Islamic revolution on the other. The interests of revolutionism and national state-building were fused in the Islamic constitution. The religio-political elite had a negative perception of nationalism as a Western-imported ideology. The acceptance of the UN resolution 598 that ended the Iran-Iraq war was maybe the greatest concession of Khomeini to the reasoning of national state-building.

Many observers of Iran were expecting that a crisis over political power would take place in Iran after the death of Khomeini.³ But the power vacuum in Iran was filled by the Iranian leadership without causing a crisis. Ayatollah Khamanei was elected as the new spiritual leader of Iran and Rafsanjani emerged as the chief executive of the country. Immense problems were awaiting him as a result of an unfinished revolution at home and war lost. The war had weakened the Iranian economy and destroyed the infrastructure, so domestically, a reconstruction of the economy was essential. In foreign affairs, Rafsanjani wanted to end the costly isolation of Iran. He pursued a careful rapprochement with the Western states and sought to improve Iran's relations with its neighbors.

Under Rafsanjani, the Islamic tone of Iranian foreign policy subsided and a more pragmatic foreign policy course began to emerge. Iran had seen that the export of revolution was not feasible and its economic and national interests required a rapprochement with the West.⁴ After his election to presidency, Rafsanjani has frequently declared that Iran must "stop making enemies".

Iran's relations with Russia has improved subsequently. Despite Washington's opposition, Iran has become one of the most important purchasers of Russian arms. According to Professor Ramazani, the foreign policy slogan of the Khomeini era, "neither East nor West" was being surpassed in theory and practice of Iranian foreign policy by a new position that may be called "Both North and South"⁵ in reference to Iran's emerging interests and goals in North-Transcaucasia and Central Asia-and in the South-the Persian Gulf. On the other hand, the new Iranian leadership insists that the tenet 'neither East nor West' does not mean having no relations with either East or West; it rather means that Iran will not permit 'neither Eastern nor Western domination'.⁶ Iran's relations with the European Community have also improved, although Khomeini's *fatva* to kill Salman Rushdie had created tension. Iran's trade with France increased six times between 1991 and 1993 and its trade with Britain rose above \$1 billion in 1992. And Germany continued to be the major trade partner of Iran.⁷

In the postwar period, regional security in the Persian Gulf became quite important for Iran because domestic reconstruction of the country required regional stability. In addition, the turn to normalcy in the Gulf meant that there would be less need for Western military presence in the region. In the short-run, Iran had two major goals in the Gulf: containment of Iraq and reconciliation with the members of Gulf Cooperation Council (GCC), namely, Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates.

Worsening of Iraqi-Western relations in 1990 has been a major impediment for Iranian attempts to bring stability back to the Persian Gulf region.⁸

5.2. The Kuwaiti Crisis and Afterwards

Iraqi invasion of Kuwait and the Persian Gulf War of January-February 1991 provided Iran with a clear opportunity to improve its relations with its neighbors and more importantly, to reveal its stabilizing influence in the region.⁹ The Kuwaiti crisis proved that the Iranian attempts to reduce tensions in the region were not tactical. Iran was the first country in the Persian Gulf to demand the withdrawal of Iraqi forces from Kuwait. Saddam Hussein's invasion of Kuwait posed a serious threat to vital interests of Iran because Iraq would thus acquire 20% of the world's oil reserves and would maintain access to Kuwait's Persian Gulf ports.¹⁰ Moreover, at the time of the Kuwaiti invasion, the Iraqi troops were still in occupation of Iranian territory. Thus, Iran was also confronted with prospects of territorial losses and a definite shift in the regional balance of forces. When American troops were deployed in the region with the decision of President George Bush, the Iranian administration opposed it, but the fundamental policy of Iran was clear: It asked for unconditional Iraqi withdrawal. In contrast to the warnings of some alarmists, Iran did not break the trade embargo against Iraq that the United Nations decreed.¹¹

Throughout the crisis, the United States was the main concern of Iranian leaders. During the crisis, it became clear that the United States and Iran had many common goals. Both were against Iraqi annexation of Kuwait; both wanted to see a militarily-weakened Iraq; both opposed any change in the map of the region; both advocated the UN trade embargoes against Iraq and both objected to fragmentation of Iraq. Mindful of the so many shared goals with the United States, Iran did not antagonize the United States during the crisis and stayed neutral. Although Rafsanjani steadily condemned the military presence of the United States in the Gulf, he also stated that the military buildup might be tolerated if it served a positive end, and unless the US tried to turn its presence in Saudi Arabia into a permanent one.¹² The long-term objective of Iran was unfreezing of its assets in the United States and to prevent the permanent presence of the United States in the region.

The neutrality of Iran and shared goals during the Kuwait crisis brought a certain degree of betterment in Iranian-American relations. Domestic considerations in Iran prevented the prospect of direct talks between Washington and Tehran, so the United States had to approach Iran through intermediaries such as Syria and Turkey. In September 1990, Washington paid the Iranian government \$200 million for undelivered weapons that the Shah had purchased. In December 1990, US oil companies were authorized by President Bush to import 200,000 barrels of Iranian oil. Iran requested foreign loans from the World Bank, International Monetary Fund and Japan, and did not counter an objection from Washington. The Secretary of State,

James Baker, declared that Iran was abiding by the UN sanctions against Iraq and that Iran would play an important role in any future security arrangements in the region.¹³ In February 1991, Rafsanjani offered a peace plan, demonstrating Iranian wish for peace in the region. During the crisis, Iran tried to prevent air war through behind-the-scenes diplomatic means and the ground war by behaving reasonably towards Hussein. All these attempts aimed at reducing the possibility of a future American military presence in the region in large sizes. The Iranian offer to mediate between Washington and Baghdad should be viewed as reflecting Rafsanjani's desire to achieve normal relations with the United States and to emerge as a stabilizing force in the region.

Iran came out of the Kuwaiti crisis politically and economically more stable. Increased oil prices helped the worn out economy of Iran. Iran improved its ties with major international financial institutions and with the United Nations. Its international image has improved and led to improved relations with the West and with the Arab countries of the Gulf. The Gulf crisis assisted Rafsanjani's attempts to readjust Iran's foreign policy, but there were also limits for an overall success of his policies. Firstly, although Washington promised to cooperate in Persian Gulf security arrangements, no clear proposal came. Iran was urging for regional security arrangements that would be based solely on the Gulf states and would exclude outside powers.¹⁴ The Iranian leaders thought this was the best order to serve Iranian interests; it would provide the means for containing Iraq, secure a dominant military role for Iran

in the Gulf, keep back the United States or non-regional states from having a significant military presence in the Gulf. But, both the regional states and the United States lost interest in security arrangements once the crisis was over. Right after the end of the war, the United States was concerned with the Kurdish uprising in northern Iraq and with the Arab-Israeli peace initiative during the subsequent months. The GCC states also agreed that the ideal security arrangement for the Persian Gulf was one that would be achieved by the littoral states; however, they did not trust either Iran or one another as the guardian of their interests.¹⁵

Secondly, there took place an improvement in US-Iranian relations, but a dramatic change in attitudes was not the case. Because on both sides the combination of past hostilities and current frictions hampered the normalization of relations. In the United States, public opinion did not forget the American hostage taking in Tehran and in Lebanon and other acts of terrorism that were associated with Iran. In the aftermath of the Iran-Iraq war, the size of Iranian military buildup worried the US administration. It was also concluded that Iran was engaged in developing a nuclear capability and Washington tried to discourage third countries from selling nuclear equipment to Iran. Other obstacles that prevented the United States to initiate further improvement in relations with Iran were Iranian attempts to coordinate opposition against Arab-Israeli peace talks, Iran's human rights record, and Iranian support for radical Islamic groups in Sudan.

In Iran, American hostility against the Islamic revolution created resentment towards that country. The United States was blamed to have encouraged Iraq for the invasion of Iran in September, 1980 and also for lending support to Iraq in the Iran-Iraq war. The Iranians did not easily forget the killing of 290 passengers in 1989 when an Iranian civilian airbus was downed by the United States in the Persian Gulf. America was also charged with blocking European investment in Iran; further, US resistance to the sale of nuclear arms and other technology to Iran and the perception that the United States prevented possible World Bank loans also embittered relations between the two countries. A third reason that prevented the full success of Rafsanjani's attempts to readjust Iran's foreign policy was that investment Iran had been expecting from the European countries and Japan did not materialize.

In the post-Cold war environment, and with the diminishing of Soviet threat, Tehran is willing to wield its authority in the region. It is apparent that the pursuit of national interest has the potential to bring Iran into direct confrontation with the Western-oriented GCC states and their Western supporters.¹⁶ After the defeat of Iraq, Iran's re-emergence as the potential outstanding power in the Persian Gulf has marked Tehran's uneasy relations with the United States. The US administration feared that the defeat of Iraq's military power would open the way for Iran to reexert its dominance in the region.¹⁷ By virtue of the size of its population and land area, its geostrategic position and its material resources, Iran has the potential to dominate the Gulf, but Iran is far from fully realizing this potential, because of the immense

economic and social problems experienced during the Iranian revolution and the eight-years war with Iraq.

5.3. Iranian-American Relations during the Presidency of Clinton

A survey of American relations with Iran from 1979 onward shows two apparently contradictory trends. On the legal and diplomatic front, the United States has always appeared more tough and restrictive toward Iran than on the economic front. The Carter, Reagan and Bush administrations have imposed a wide variety of executive and legislative constraints between 1979 and 1993, preventing most of the military and many of the economic transactions between the two countries. Since the State Department's placement of Iran on the list of supporters of terrorism in 1984, the export of major divisions of the dual-use technology have been banned. Since 1987, imports from Iran have been prohibited, except for a few items. The United States cut off diplomatic bilateral relations with Iran after the hostage taking in 1979 and it is in a state of national emergency vis-à-vis Iran.¹⁸

However, US exports to Iran have steadily increased after 1989 from a zero level to \$1 billion in 1993. US companies added \$3.5 billion to the Iranian economy by purchasing Iranian oil and refining it outside the United States. Having inherited this dichotomy from previous administrations, the Clinton administration also had trouble in drawing a single course for American relations with Iran. In the post-Cold war environment, both the United States

and Iran faced significant political dilemmas with respect to their relations with each other. On the one hand, Iran had significant economic problems and was in need of investment and technology for its domestic development which urged it to gain respectability abroad. This policy objective seemed to be conflicting with its ambition to expand its influence both in the Gulf and in the new republics on the north.¹⁹ On the other hand, the United States confronts a basic dilemma. While assisting Iran's economic development would strengthen those supporting the pragmatist policies of Rafsanjani, it would also encourage Iran to challenge the US position in the Gulf and to acquire weapons that could radically change the balance in the region to its own advantage.

When the Clinton administration came to office, it declared the policy of dual containment with respect to its foreign policy towards Iran and Iraq. This policy arose from the judgment that both Iran and Iraq pursue policies fundamentally hostile to American interests. In opposition to its past record in the region, the United States was thus rejecting the policy of building one of these powers against the other, in favor of a policy to contain the hostile policies of both. Concerning Iran, the US administration specified five areas of disagreement: (1) disturbing acquisition of nuclear weapons by Iran; (2) Iran's sponsor of international terrorism and assassinations of its political enemies; (3) its hostile attitude toward the Arab-Israeli peace process; (4) subversive activities against its neighbors; (5) violation of human rights.²⁰

On the economic dimension, the policy of containment of Iran involved an arms ban, a ban on dual use technologies, an entire import ban on Iranian products, controls on certain items for export to Iran, and a diplomatic position of blocking all credits to Iran from international financial institutions. In its attempt to contain Iran, the US government was trying to persuade Europe and Japan to help prevent Iran from acquiring weapons. It was argued that Iran should not be allowed to enjoy normal relations, particularly normal commercial relation, with the West as long as it continues to threaten Western interests.²¹ Dual containment would also require a rectified American military commitment in the Gulf with closer military engagements with such key powers as Saudi Arabia and Turkey. In order not to appear overly harsh, the Clinton administration declared that it did not oppose the Islamic government in Iran but only specific aspects of the regime's behavior and that the US policy did not seek a confrontation with Iran. Taking into account the difficulties and failures that have troubled the last three presidents, it is not surprising that the rhetoric of the Clinton administration's policy toward Iran has been both harsh and conciliatory.

The policy of dual containment has created discussions among the government officials, Iranian and Middle East scholars and experts. Generally, the critics of American policy may be divided into two broad categories: those who believe that current policy exaggerates the Iranian threat and favor resumption of normal relations, and those who favor punishment and isolation and do not find US policies though enough. The analysts that may be placed in the first

category emphasize the political and economic necessity of normalization of relations between Washington and Tehran, and they generally attach less importance to those negative aspects of Iran's policies which are taken very seriously by the US government.²²

Critics who regard American policies toward Iran to be harsh and not in the best interests of America and the international community argue that Iranian threat is exaggerated and that Iran's behavior could change, so the United States should reconsider its confrontational policy against the Islamic Republic. Some of the arguments appear as answers, rebuttals to negative voices and some are inducements that are considered to bring mutual benefit to both the United States and Iran. In the realm of rebuttals, the advocates of rapprochement with Iran claim that not only the United States against Iran, but also Iran against the United States has valid grievances such as the downing of an Iranian airbus in the Gulf, killing 290 passengers. Iranian policy of arms acquisition is answered by stating that a country as large as Iran, located in not a very friendly environment is perfectly right to acquire arms proportionate to its defense needs. Moreover, Iran lost important amounts of weaponry during the Iran-Iraq war. The apologists also claim that Iran has a justified interest in the security of the Persian Gulf due to its geographical location and its population. Given the extent of American military presence there, Iranian attempts to acquire arms become more understandable. They also state that Iran has not been aggressive against any of its neighbors since the revolution; further, it has been the victim of aggression.²³

The critics that favor normalization of relations with Iran also put forward a number of inducements. Their main political argument is that any security arrangement in the Gulf would be imperfect if Iran is kept out. It is also claimed that Iran constitutes a natural barrier in case of a possible resurgence of Russian expansionism and that it would be wiser to strengthen Iran rather than weaken it. The supporters of normalization also mention that most of Iran's neighbors (Pakistan, Turkey and most of the Gulf states) seek better relations with the Islamic Republic. They prefer the construction of economic and diplomatic relations rather than isolation. For these countries, Iran presents a significant trade potential. Besides, more contacts with Iran, through trade or other exchanges may be the most efficient way to force Iran to improve its imperfect human rights performance.

In contrast to those critics who favor normalization of relations with Iran, some critics believe the Clinton administration should even be tougher and go on to escalate the confrontation with Iran. They perceive the Islamic Republic to be determined to damage Western and US interests in the region, to pursue a nuclear weapons program, and to continue to resort to terrorism against its opponents at home and abroad. Iran is a revolutionary state seeking to export its regime and if insufficient countervailing Western pressure is imposed, the prospect of an Iranian hegemony would be high.²⁴ The Clinton administration, they argue, should not repeat the same mistake as the Bush administration; it should not miscalculate Iran as Iraq was underestimated

before 1990. Iran is believed to manipulate Islamic fundamentalist movements in Egypt, Sudan and Algeria. Furthermore, Iran's support of Palestinian militant organizations, such as Hezbollah and Hamas lead these critics to perceive a widely designed movement, aiming to seize power and establish Islamic oriented, anti-Western governments over a wide territory which would be under Tehran's prevailing influence. Inside Iran, the Islamic government is recurrently pictured as engaging in violation of human rights by resorting to torture and execution of the regime's political opponents, attacking privacy, treating ethnic or religious minorities inhumanely.

It seems that those who favor a tougher American policy toward Iran have prevailed within the government, for on April 30, 1995, President Clinton announced and on May 6, signed an executive order which reinforces and strengthens the already existing sanctions against Iran. The executive order bans all trade, trade financing, loans and financial services to Iran. The US companies are prohibited to purchase Iranian oil overseas, even if it is for resale overseas. No new investment of American companies are allowed in Iran. Those goods and technologies which are on control lists for direct export from the United States to Iran are banned to be re-exported from third countries to Iran. The foreign subsidiaries of US companies are not affected by the executive order as it does not have extraterritorial application. Further, it does not ban the import of informational materials from Iran. And the order does not block Iranian assets or prevent private Iranian nationals from acquiring or lending private remittances.²⁵

In his statement before the House International Relations Committee, Robert H. Pelletreau, Assistant Secretary of State for Near Eastern Affairs explained that this action was chosen carefully to advance those strategic US interests that are perceived to have been challenged by Iran's outlaw activities.²⁶ The main concerns of the US government were to prevent terrorism, advance the Arab-Israeli peace process, fight the proliferation of nuclear weapons, and maintain security in the Persian Gulf. In these areas of concern, he stated, the US government found that Iranian behavior had worsened.

Given the government-stated objective of toughening relations with Iran, the question becomes whether the policy adopted offers a realistic prospect of its accomplishment and whether it brings more harm than good. First of all, the sanctions imposed on Iran are unilateral sanctions and they would not yield the intended objective unless supported by many other countries that maintain diplomatic and commercial relations with Iran. Presently, none of Iran's major trading partners have expressed their willingness to join the embargo. This was not a surprise for the US government, because it knew beforehand that it would not be supported; it did not consult with any other government, nor did it raise the issue at the UN Security Council. The United States took the lead in an action in the full knowledge (and counting on) that it would not be followed by other states. Because, if Iran's 2.6 million barrels daily export of oil is withdrawn from the world market, it would create chaos in oil markets

and substantially increase the oil prices that might increase inflation in the United States as well as in the world.²⁷

The sanctions that are imposed by the United States on Iran become interesting considering that the US did not apply such heavy sanctions against the Soviet Union even at the peak of the Cold War. This disproportionality of the sanctions makes either the sincerity of the intentions and objectives of the US government or the magnitude of the threat posed by Iran questionable. After the announcement of the new sanctions, it was repeatedly declared by the US government that it accepted the Iranian revolution as a fact and was not aiming the overthrow it. However, Professor Gary Sick points out that such an objective -the overthrow of the existing regime- seems more consistent with the US actions and with the strictness of the sanctions.²⁸

One more flaw in the logic of the Clinton administration's sanctioning Iran is that the sins of Iran, although real, are hardly the only examples in the Middle East as argued by an Iran specialist.²⁹ Iran gives material and spiritual support to militants throughout the Islamic world which engage in terrorist activities, regularly condemns the Arab-Israeli peace process, and has a very poor human rights record. But in the Middle East context, these are not very uncommon ways of action. Syria and probably even Saudi Arabia strive with Iran in supplying financial support to largely Arab groups that are involved in the principal terrorist networks in the Middle East. Considering the struggle of the militant Islamic movements with the West, Iran does not appear as the

undisputed leader. Before the emergence of Shi'i radicalism in Iran, Sunni radicalism was active in the Middle East. The Muslim Brotherhood in Egypt, for instance, was opposing the Western-oriented policies of Nasser, long before Khomeini's followers began to challenge the rule of the Shah. Iran has an awful human rights record, but America's contemporary collaborators in the Middle East -Syrians and Saudis- do not have a much better one, either.

With the current policy, the Clinton administration has relied almost entirely on negative initiatives such as military deterrence, strict restrictions on technology transfers and blocking Iran's demands for international economic assistance, to influence and change Iranian behavior. It has not presented any positive incentives for Iran to change its behavior. Thus, neither the scope, nor the composition of the sanctions of the United States seem consistent with the declared objective of forcing Iran to change its course of action. The whole policy needs reconsideration.

CHAPTER 6: CONCLUSION

The enmity between the United States and Iran is deep. Both countries have fundamentally different visions and remain suspicious of each other. The blame for this can be attributed to both sides. Iranian foreign policy, particularly after the revolution, presented fluctuations and inconsistencies, mainly as a result of the need to reconcile the prerequisites of its national interest and the ambitions of its Islamic ideology. When the agenda of one of them dominated the other, the Iranian leadership had to give prior consideration to that one, which gave the impression that of inconsistency and irrationality.

American failure in Iran was mainly a result of a single-minded strategy over political realities. It placed too much emphasis on seemingly unchanging factors, and relied on the strength of the status quo. America invested in the Shah and did not take into account the power of the seemingly powerless in Iran, i.e., the people. The United States preferred to conduct its relations through one man, the Shah, who depended solely on one force in the country, the army. The United States paid a high price in Iran for neglecting the cultural, social, economic, and religious considerations and the historical formations of the Iranians.

The Third World countries have totally different cultures, religious orientations and practices and histories than the Western countries. As yet, a

general orientation of the American foreign policy is to remain insensitive to cultural and religious composition of the Third World countries. This insensitivity resulted from certain misleading assumptions, the primary one being that the Western model of development has universal applicability. This simplistic model disregards the fact that the domestic and international conditions under which the Western world became what it is were qualitatively different from those faced by the Third World countries.

Another misleading assumption was that economic growth would bring stability to any and all modernizing countries. However, as it has been proven by the Iranian revolution in 1979, it was even more important how this wealth was distributed. In addition, US foreign policy has almost completely dismissed religion as a relevant force in revolutionary movements, at least until the Islamic revolution in Iran. It was assumed that modernization and secularization complement each other. All these misleading assumptions prevented the United States governments to foresee the revolution in Iran and to recognize the power of religion and religious organization in Iran.

The mismanagement of relations with Iran also resulted from the fact that the United States had to engage in Middle East diplomacy suddenly after the end of World War II. It was a region in which the American government had little interest at that time and little expertise or experience.

In Iran, domestic politics had a significant effect on foreign policy. The Iranian leadership generally did not hesitate to trouble its foreign relations to calm down a domestic unrest. Overall, Iran pursued an independent, nonalignment policy, but during the Shah period, this characteristic of Iran, and foreign policy was heavily flawed. That is also a reason of why the Iranian public resented the Shah's overdependence on the United States. Hence, the anti-American virulence of the Islamic Republic can be seen in part as a legacy of the Shah's unusually close ties with the United States.

After the establishment of an Islamic government in Iran in 1979, the United States and Iran began a campaign of mutual demonization. The United States resorted to very harsh measures but failed to bring about a significant change in the Iranian way of behavior. On the contrary, it intensified the consolidation of the power of the clergy. With the policy of containment of Iran, which was adopted after the presidency of Clinton, the United States repeated its fruitless efforts of isolating Iran but failed to do so mainly because it was all alone in its efforts. The US government could not convince Iran's major trading partners to stop commercial relations with Iran.

Both the United States and Iran have justifiable grievances against each other, but the realities of the interdependent world prevents each side to completely disregard the other and also to effectively chastise the other. The prospects of an early dialogue are not very strong, but nonetheless, the United States may support the idea of some sort of constructive dialogue with Iran. But, given

the current policy of the United States towards Iran, it is not very clear what it intends to do. The present policy does not seem to have a workable strategy for the achievement of those objectives which are declared to be the blueprint of US action in the Middle East. It rails against Iran's behavior, but does not offer anything credible for changing it. The US government's rhetoric towards Iran has become even more ideological and shrill than that of the ayatollahs, whom the US has from time to time called irrational and incapable of behaving normal. It has to cool the rhetoric for some time. And as far as the US government ignores the legitimate interests of its allies in Iran, and does not develop a strategy in cooperation with them, its unilateral policies are bound to fail. It is true, in the international arena Iran has attracted much reaction by disregarding international law, giving assistance to terrorist organizations. But the current policy of the United States may even make Iranian behavior worse in these areas, which would not be to the interest of not only the United States, but also the region and the whole international community.

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