

EUROPE AND THE IRANIAN QUESTION

Iran is becoming the number one agenda item of the international agenda. This paper explores the relationship between three dimensions of the topic: Iran's quest for nuclear weapons, internal dynamics of the regime, and Transatlantic relations as they relate to Iran. The inherent conflicts between approaches towards Iran are taken up in light of the impact to domestic reforms and potential security threats.

Everts outlines the consequences for Europe of the various US policy options towards Iran and analyses the links among policy formulations. Focusing on the need for the EU to come up with effective and creative policies, Everts points out that Europe, and especially Britain, must influence America in order to forestall a collision between Washington and Tehran, prevent a transatlantic divide and consequently a serious fragmentation within the EU.

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Iran is fast rising to the top of the international agenda. Foreign ministries are assigning their 'best and brightest' to the job of devising a coherent strategy. This is just as well since dealing with Iran is a bit like playing three-dimensional chess. The West is pursuing multiple, potentially conflicting, objectives with a country whose politics are in flux and whose leaders oscillate between hostility and pragmatism. The stated aims of preventing a nuclear Iran, promoting democratic reforms and ending Tehran's support for terrorist groups sound reasonable enough. But they might conflict: doing a deal with the conservative establishment on Iran's nuclear programme will be necessary to ensure any agreement is implemented. But this will simultaneously strengthen the hard-liners' grip and weaken further the reformist camp. Conversely, highlighting the need for regime change, and perhaps acting on it, removes any incentive for the regime to comply with various international demands. Put differently, the rest of the world has to decide what the real problem is: Iran's quest for nuclear weapons, or the radical Islamic nature of the regime?

All this of course sounds terribly familiar. Regime change, weapons of mass destruction, non-compliance, transatlantic rift, Britain's choice: the key ingredients for another international bust up are in place. However, analogies with the Iraq crisis can be misleading. Iran, unlike Iraq, has no habit of invading its neighbours. There is hence no comparable set of UN resolutions, and no record of 12 years of UN-mandated sanctions and inspections. As for the domestic scene, disillusionment and anger at the stiffening deadlock between reformers and conservatives is certainly rising. Nonetheless, Iran today has a much more pluralistic political landscape than Iraq ever had under Saddam Hussein. The international political geography is different too. First, the major international players – US, Europe, Russia and Japan – are closer together than they were on Iraq. All believe Iran is developing nuclear weapons – and that concerted international action is needed to prevent a nuclear Iran. Second, to the extent that differences in policy exist, and they do, the divide is US vs. Europe but with Britain on the European side.

For the time being Iran has probably done enough to avoid a formal decision by the IAEA, the UN's nuclear watch, to formally declare Tehran in breach of the Non Proliferation Treaty (NPT). Such a decision would have punted the issue to the Security Council for further discussions on possible sanctions. Washington is reluctant to push the issue to crisis point right now: it has its hands more than full in Iraq; the American public shows little appetite for another major Middle Eastern crisis; and internationally there is little chance of getting agreement on coercive measures. But Iran as an international issue won't go away. Washington and Tehran remain on a collision course. Iran almost certainly wants nuclear weapons; Bush has said a nuclear Iran is 'unacceptable'. Moreover, the discontent with the regime and the disillusionment with the record of the reformers will intensify. Iran is set to be a big story in 2004.

The Iranian question consists of three parts:

1. What is Iran really up to with its nuclear programme? And what policies could dissuade it from going nuclear?
2. How is the domestic political scene evolving? What are the prospects for peaceful regime change, and what role should outsiders like Europe play?
3. Will European foreign policy be able to pass the Iranian test? Will Britain stay with the rest of Europe if America starts to apply strong pressure?

1. The record unearthed by IAEA inspections points overwhelmingly to a serious nuclear weapons programme. Iran has consistently claimed its nuclear activities are entirely civilian and peaceful in nature. But such assertions have always been dubious. Iran has enormous oil and gas reserves and every year flares off more energy than its nuclear plants will produce. Questions abound on Iran's nuclear programme: technical in nature but political in significance. Why exactly is Iran building a heavy water reactor in Arak and a uranium enrichment facility in Natanz? Iran only owned up to both facilities after a dissident group, the National Council of Resistance of Iran, revealed their existence. Moreover, why has Iran experimented in secret with uranium metal which has no use for the type of power reactors it has planned but which is useful if it wants to build bombs. Iran has told the IAEA it had designed and built its own enrichment equipment – until evidence emerged it had imported these from abroad. Most worryingly, IAEA inspectors have discovered traces of highly enriched, i.e. weapons-grade, uranium at Natanz. Iran now says that contaminated material from abroad is responsible. The rest of the world is not so sure.

Like a guilty suspect, Iran has kept changing its story each time inspectors found further incriminating evidence. As a result, there is an emerging consensus that Iran wants nuclear weapons. At a minimum it wants to become self-sufficient in nuclear matters by controlling the nuclear fuel cycle, thus making the country independent from uranium supplies from abroad and less susceptible to international pressure. The fear in Washington is that Iran is using the cover of the NPT, which allows countries to develop a civilian nuclear programme under international supervision, to get close to the nuclear threshold. Once there, Iran can perfectly legally give six months notice, withdraw from the NPT and develop a nuclear arsenal. The British and French governments estimate that Iran could have a nuclear capability by 2007.

If Iran is indeed seeking nuclear weapons – and in private both reformers and conservatives concede this is one of the few things they agree upon – then the real question becomes: can the US, Europe and others construct a set of policies to get Iran off the nuclear track? If regime change won't end Iran's nuclear ambitions, what will?

The visit to Tehran on October 21st by the foreign ministers of Britain, France and Germany produced an apparent breakthrough. Europe's 'Big Three' came with a tough message. Europe was prepared to continue talks on a Trade and Co-operation Agreement from which Iran would draw large benefits. But first Iran had to comply with all IAEA demands. Iran got the message and promised three things: a complete and accurate account of its nuclear activities, including a comprehensive list of suppliers; a promise to sign the so-called additional protocol paving the way for tough 'anytime, anywhere'

inspections; and a suspension of its uranium enrichment activities. This visit was a good day for EU foreign policy. It showed that conditional engagement could be effective. In Tehran the story is that a fear of 'losing Europe' played a key part in Iranian calculations.

While implementation will be key, this agreement creates a political breathing space. Clearly it is up to Iran to fulfil all its commitments. Worryingly, Hassan Rohani, the head of the National Security Council, said the day after the agreement that the enrichment pause 'could last for one day or one year, it depends on us...as long as Iran thinks this suspension is beneficial it will continue, and whenever we don't want it, we will end it'. Such comments may have been aimed at a sceptical domestic audience, which feels that Iran is unfairly treated. But it does nothing to persuade Americans that Iran is sincere. Clearly, uranium enrichment must cease and can only restart once tight international supervision is in place.

Alongside pressure and demands, the West also needs to develop a broader set of policies. These should make clear that it takes Iranian security concerns seriously while explaining that going nuclear is not the answer. In this context a closer look at the regional security situation will be crucial. From Iran's perspective, their region looks distinctly threatening. Iran is a proud and nationalistic country with a deep distrust of the outside world. This is partly paranoia and a consequence of Iran's relative isolation. But it also has an understandable side. There is a history of foreign interference in Iranian politics. Take the Anglo-American organised coup in 1953 against the nationalist government of Mohammed Mossadegh. In the 1980s, Iraq repeatedly used chemical weapons against Iran – with at least tacit agreement from the US. Israel, Iran's archenemy, has an extensive nuclear arsenal that is not subject to any international inspections. Then there are Pakistan and India, each with a nuclear deterrent. Most importantly, Iran fears US intentions, especially given the vast numbers of US troops next door in Afghanistan and Iraq. The wry joke in Tehran is that there are only two countries in the world that have *only* the US as their neighbour: the other one is Canada.

What is needed is a regional security dialogue aimed at reducing tensions and increasing transparency on military postures. Europe should, together with the US and Russia, take the lead in initiating such a dialogue. This effort could be loosely modelled on the Organisation for Security and Co-operation in Europe (OSCE). In the mid-1970s, the West and the Soviet Union agreed on a set of confidence building measures, transparency on military postures, economic links and minimum standards on human rights. The Soviets thought they had scored a major diplomatic coup by getting Western countries to recognise the political status quo. In the end, the West had the better deal: the human rights 'basket' of the OSCE gave it a powerful lever to hold the Soviets to account and support dissident groups. The lesson that many Europeans draw from the 'Helsinki process' is that co-operative security can reduce underlying political hostility and lead, eventually, to 'regime change'. In foreign ministries around Europe, this idea of setting up an OSCE for the Middle East is quietly discussed. It now needs to move from planning staffs to operational departments.

In addition, the US will have to start thinking about giving Iran some of the assurances it craves. This will mean diplomatic relations with Tehran, but it must also involve specific security guarantees. With North Korea the US is, reluctantly, putting a deal on the table whereby the North Koreans get a multilateral security guarantee in exchange for denuclearisation. Something similar has to happen with Iran. Moreover, the US has to make clear it no longer aims for regime change. Of course the US and others are perfectly entitled to push for greater democratisation in Iran. But they must stress that change has to come from within. Garish regime change rhetoric is removing the incentive for Iran to comply with the West's demands. The Iranians say they may be damned if they do comply, and damned if they don't.

Finally, the US and Europe should put the perspective of Iranian entry into the WTO on the table. This would not just increase trade and investment. But because of the WTO's transparency requirement on subsidies, it would also undermine the role of the *bonyads* – the charitable foundations run by clerics which have a stranglehold on the economy. Ordinary Iranians complain as much about the restrictions on their personal freedom and dress codes as they do about the rampant corruption and rent seeking by the conservative establishment.

Put together, this package would be an offer impossible to refuse. But it would be frontloaded with a decision that Iran has forsworn nuclear weapons and accepted stringent international verification of that choice.

2. The international and the domestic dimensions of the Iranian question are intimately linked. The Nobel Committee's decision to give the 2003 Peace Prize to Shirin Ebadi was a shrewd one, and instantly turned this soft-spoken human rights lawyer into a celebrity. It gave a clear signal to the conservative and judiciary establishment about the importance of human rights, gender equality and due process of law. But it also sent a message to Washington: change has to come from within Iran, a position that Ebadi has always espoused.

The split reaction in Iran to the news of Ebadi's Nobel prize was revealing and symptomatic of both the country's political divisions and the weakness of the reformist camp. Ordinary people and pro-democracy activists gave her a hero's welcome when she returned to Tehran from a short trip to Paris. More than 10,000 people, a large number by Iranian standards, gathered at the airport, including several reformist members of the *majlis* (parliament). Reform-minded papers and on-line journals were ecstatic. But conservative clerics struck back immediately. Hard-line newspapers ran hostile editorials. And in Qom a group of conservative clerics put out a statement portraying the award – quite accurately – as an attempt by outsider powers to weaken the Islamic nature of the regime. 'The Nobel Institute has been after political gains...and has given the prize to a person who has challenged the fundamentals of religion.' Most depressing was the flip-flop that President Khatami performed. Initially his reaction was enthusiastic. But a few hours later – presumably after conservative forces had intervened – Khatami back-pedalled, belittling the award as 'not very important.'

The story of Iranian politics in the last few years has been a slugging match between the *majlis*, where reformers are dominant, and the conservative-controlled Guardian Council. The conservatives have many levers of power including the security apparatus, the judiciary and the protection of Ayatollah Ali Khamenei, the successor to Ayatollah Khomeini. Arguably their most effective weapons is the Guardian Council which is unelected but has the authority to delay and even veto all legislative proposals agreed by parliament which it deems inconsistent with Islamic law.

In many respects Iran has a dual state structure: for every elected body there is an unelected, more powerful one. Since 2000 the Guardian Council has blocked a huge number of laws proposed by the *majlis* including crucial measures relating to press freedom, the minimum age for marriage, divorce laws and the UN convention eliminating discrimination against women. Perhaps most damning of all was the Guardian Council's decision to block a law that would have restricted its ability to veto candidates standing for various elections.

Despite these setbacks for the reformist movement, President Khatami has so far not carried out his threat to resign unless the Guardian Council respects the legislation passed by parliament. One reason may be that elections are scheduled for next February anyway. Another may be the fear of electoral defeat. It is increasingly clear that the failure of moderate reformism to deliver is turning people away from politics. Paradoxically perhaps, the growing disenchantment is leading more to apathy than agitation. As a consequence of turnout falling to a mere 11 percent, conservatives managed to re-take control over Tehran city council earlier this year. Young people especially are wondering why they should bother to vote, if nothing ever changes.

An incredible 65 percent of Iranians are under the age of 30, while 50 percent are under 20. These are the 'children of the revolution': after 1979 Iranians were strongly encouraged to have many children to create 'a great Islamic society'. Many among them have become hardened cynics. Some are turning to drugs and prostitution – both clearly on the increase. Others are drawn to wistful and perhaps wishful thinking about the outside world intervening and ending the mullah's rule. Israel aside, Iran is the country in the Middle East where, below the thin veneer of radical anti-US slogans, the US is most popular. Talking to young Iranians you get no sense of the anti-US resentment that pervades so much of Arab thought and discourse.

Herein lies a potential problem for Europe. Given that the regime's manner of running the country is so out of line with people's aspirations, fundamental change in Iran is inevitable. But most European and regional analysts think that change will only come slowly and through spillover effects from economic liberalisation. Consequently, the idea that Iran is 'ripe' for another revolution seems popular only in neo-conservative think tanks with a penchant for making reality fit their ideological predictions.

Still, Europe should position itself more clearly on the pro-democracy side. This will be difficult because of the need to do deals with the current regime on the nuclear and other issues. But there is a real risk of Europe being on the 'wrong side of history'. An analogy

with Eastern Europe may be fitting. One reason why East European elites are so pro-American is because they think that during the Cold War Western Europe, particularly the centre-left, was too focused on stability, too soft on human rights, and too willing to ignore the plight of dissidents. The historical record on both motives and nature of West European policies is of course more complex. But as the US social scientist William I. Thomas has pointed out, if people define a situation as real, it is real in its consequences.

Hence, Europe needs to calibrate its approach. It is right to resist taunting regime change rhetoric. It is up to Iranians to shape their political future. But Europe should make greater efforts to speak out in favour of, and perhaps give financial support to, those inside Iran that make the case for reform.

3. At the end of July, amid the flurry of exchanges between the White House and 10 Downing Street over Iraq, President Bush rang Tony Blair. The purpose of Bush's call was to express his displeasure at plans by Britain, France and Germany to send a letter to Iran offering Tehran a deal: you come clean on your nuclear programme and we will deliver access to technology, trade and investment. Bush asked Blair to disassociate himself from this initiative, but Blair said 'no'. He agreed that Iran's growing nuclear ambitions were a serious cause for concern. But isolation and threats would not work. Tough but conditional engagement was the way to go.

In recent months, Europe has helpfully toughened up its stance – overtly linking its negotiations on a Trade and Co-operation Agreement to changes in Iranian behaviour, not just in the nuclear field but also with respect to Iran's support for terrorist groups, its rejectionist approach to the Israeli-Palestinian conflict and its dismal human rights record. This more sceptical EU stance came as a result of changes in its own assessments, based on what European embassies were reporting, not simply on Washington's say so. Europeans are well aware that because of their diplomatic and trade links, they have some leverage with Iran, as do the Russians and Japanese. America has rather fewer policy options. Short of getting others, such as Europe, Russia and Japan, to put more pressure and forego economic relations, there is little America can do itself. Because of its long-standing strategy of diplomatic isolation and economic sanctions, there is little America is offering to Iran, and even fewer benefits it can threaten to withdraw.

The one big exception to this scarcity of options is military action. For most US hardliners covert action is the preferred way of bringing about regime change. But Radek Sikorski of the American Enterprise Institute has said, only partially tongue-in-cheek, that for neo-conservatives 'Baghdad is for wimps, real men go to Tehran'. Similarly, some Americans speculate that 'surgical strikes' could take out all Iranian nuclear installations in one fell swoop.

Many Europeans believe, and when pressed US officials concede, that US policy towards Iran is all stick and no carrots. European strategists also believe America's stick happens to be quite brittle. Surgical strikes are unlikely to succeed because of the long list of targets. This would not be Osirak II, the operation in June 1981 when Israel attacked Iraq's only nuclear installation. Moreover, unlike Iraq, Iran has a capacity to retaliate

militarily – directly with missiles and conventional arms, indirectly through Hezbollah. It can make life very difficult for America in both Iraq and Afghanistan, where the West is very vulnerable. Most importantly of all, surgical strikes would not eliminate the key ingredients of a nuclear programme: technological know-how and a strong wish to acquire a deterrent for regime survival. The hope in Europe, and the quiet expectation, is that the US will recognise these factors and stick with concerted international pressure.

The probability of America (plus Israel?) choosing coercive military action is not very high. But it would have enormous consequences for Britain and the rest of Europe. It would be Europe's moment of truth: split again or stay united. The historical record is that when America applies heavy pressure, Europe fragments with France and Britain spinning into different directions. That record also suggests that neither side has been terribly successful in influencing America on its own.

Hopefully Europe's 'best and brightest' can come up with an effective strategy for dealing with the Iranian question. A tougher yet more creative European stance would go a long way towards forestalling a collision between Washington and Tehran. But another requirement will be a change in America's stance. After Iraq, Tony Blair will be especially keen to avoid having to choose between Europe and America. That is why he must mix his usual deftness with a greater willingness to point out the flaws in America's current stance – and do so before the issue reaches crisis point.