

# International Political Economy

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## Special Report

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### Political Watch

*by Marvin Zonis*

#### **Living With the Clerics**

President Bush included Iran in the Axis of Evil, and the State Department has reasserted its claim that Iran is the leading state sponsor of terrorism. But the US has yet to formulate a policy towards Iran that is capable of inducing the clerics to abandon their own terrorist and repressive policies. Most likely, this is because no such policy can exist towards the current Iranian regime.

Marvin Zonis + Associates, Inc., (MZ+A) helps firms assess, monitor and manage political risk. "Political risk" refers to the uncertainties that arise from instances of political instability (such as riots and coups), poor public policy (such as inflation and currency crises), and weak institutional frameworks (such as discriminatory regulations and ineffective legal systems). "Political risk management" refers to the development of processes, structures, and knowledge that allow firms to deal effectively with political risk.

## Living With the Clerics

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“Marg Bar Amrika. . . Marg Bar Amrika.” The chant, Death to America, has become the watch cry of the supporters of the Islamic Republic. At every Friday prayer service in mosques across Iran, ever since the seizure of the US Embassy and its US employees in 1979, clerics have led their followers in a chant of hatred against the US. For two weeks after the September 11 terrorist attacks, the clerics, surprisingly, suspended the chant. But it is back again. Before September 11, the chant was offensive. After September 11, the chant is positively chilling.

What the US should do about the chant and, more precisely, about the Islamic Republic itself, are a set of challenges that the US has never successfully answered. Somehow, every approach to the Islamic Republic tried by the US appears to have failed. President Reagan made threats and the so-called “hostages” were released. (They never were really hostages to anything. Ayatollah Khomeini fomented the embassy seizure and the capture and imprisonment of US citizens to radicalize the revolution against the shah and oust its moderate secular leaders.) Later Reagan tried a softer approach in what became the Iran-Contra scandal. President Bush 41 tried a sterner line. Neither seemed to move the hard line clerics.

In the minds of the clerics, the US has a lot of explaining to do. The US presidents may have offered moderation, but their governments were aiding the enemy of Iran. Throughout the eight year Iran-Iraq war, the US did side with Iraq, sending it valuable intelligence about Iranian forces and later effectively entering the war on Iraq’s side by sending US ships into the Persian Gulf. The accidental shooting down of an Iranian civil airliner by a US naval vessel in the Gulf threatened the Iranians into believing the US had adopted a new strategy to bring the war to a conclusion in favor of Iraq.

Three years later, when Saddam was driven out of Kuwait, revolution broke out in Iraq. The Shiites in the south and the Kurds in the north sought to oust Saddam, but the US stayed on the sidelines, allowing another Saddam massacre, fearful of a Shiite victory and an expansion of Iranian influence.

Furthermore, resistance to the US and, in the minds of the hard line clerics, its “agent” Israel, is the bedrock value of the Islamic regime. To surrender the commitment to resisting the US would mean abandoning their view of the nature of their revolution.

Since the middle of the Clinton presidency, at least, the US has been making major overtures to Iran to break that mind set. Secretary of State Albright made direct and indirect pleas to the Iranians to initiate discussions. The principal armed opposition groups to the clerics, the Mujahedin-e Khalq, based in Iraq, were added to the US list of terrorist organizations. The Iranians occasionally uttered some positive words. Nothing substantive followed.

# International Political Economy

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But after September 11, surprisingly, Iran's leaders actually offered sympathy to the US. The Iranians had long hated the Taliban and given military and diplomatic support to the Northern Alliance. They Iranians offered to shelter US pilots who might be forced to land in Iranian territory and made other positive noises about the war on terrorism.

Yet the Israeli capture of the ship, the *Karine A*, bound for the Palestinians and loaded with weapons, on January 3, 2002, seems to have led to a turn in the possibility of making progress in developing a relationship with the clerics.

Iran has long been on the list of states designated by the US as supporting terrorism. It has openly boasted of its support for Hizbollah in Lebanon, an organization built by Iran's fellow Shiites in Lebanon and aimed to protect the Shiites there from the Palestinians and later the Israelis. Hizbollah was responsible for the 1983 bombing of the US Marine barracks in Beirut that killed more than 240 American military personnel. The US has also linked Hizbollah with the bombing in 1996 of the Khobar Towers apartment complex in Saudi Arabia that killed 19 Americans and injured hundreds. More recently, according to the State Department, the Iranians have supported Hamas, Islamic Jihad, and the Popular Front for the Liberation of Palestine-General Command as a way of advancing their anti-Israeli, anti-US policies. The State Department also accuses Iran of supporting the Kurdistan Workers' Party in Turkey (PKK) and the Islamic Movement of Uzbekistan (IMU). Other countries accuse Iran of supporting terrorist groups within their borders, particularly Algeria and Egypt.

The *Karine A* seemed to indicate a new level of Iranian support for the terrorists. The ship had enough military grade C-4 explosives to make over 300 suicide bombs, three times as many as Israel had by then experienced in its entire existence. It was loaded with high power weaponry and other explosives. Just what the Iranians were up to with the *Karine A* is hard to fathom. But then again, so is everything connected to Iran. The Persian Gulf is loaded with US warships, spy planes and spy satellites, all collecting intelligence. How the Iranians thought they could get away with the shipment of weapons to the Palestinians is puzzling. Perhaps they did not want to. Perhaps the ship was a ploy used by the hard line Iranian radicals, clerical or not, to abort any chance of closer relations with the US following the initial moves to rapprochement made after September 11. But perhaps it was, simply, meant to bolster the Palestinian cause.

Understanding just who is doing what to whom in Iran, and why, and to what effect is virtually impossible. Even Iranian insiders cannot penetrate the opacity of their own system. There are forces behind forces in Iran, manipulating each other and outsiders directly and indirectly. The whole is made further obscure by the old Iranian practice of *taqiyyah*, dissimulation. The Shiites have long condoned dissimulation, some might prefer to call it lying, in the service of preserving their faith. The practice was originally legitimated to preserve Shiism itself from the Sunnis and seems to have spread to the preservation of the Islamic regime and, more broadly, to the political position of individual politicians, clerical or not.

The discovery of the *Karine A* seems to have been the factor that convinced the Bush foreign policy team to include Iran in the Axis of Evil in his January 29, 2002, State of the Union speech. Not surprisingly, the Supreme Religious Leader, Ayatollah Khamene'i issued a harsh retort to the President. He boasted, "The Islamic Republic is proud to be the target of the rage and hatred of the world's greatest Satan." When

# International Political Economy

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Senator Joe Biden offered in March to meet with Iranian parliamentarians, Ayatollah Khamene'i responded, "What kind of dialogue can be held with the side which does not even accept you at all, with the side which is against your existence as the Islamic Republic?"

Yet the reformist members of the Iranian Parliament continued to meet to work something out to make such a meeting possible. At the end of May, the Foreign Minister conclusively ruled out such talks. Even then, the reformists continued to meet and discuss the possibility. Finally, both Khamene'i and Hashemi Rafsanjani, the still powerful ex-President, conclusively forbade the meetings. Khamene'i declared, "Establishing contact and holding talks with someone who clearly says that he wants to act against the Islamic system and particularly against the Iranian nation's will, and allocates budget [resources] for toppling [that system] would be an act of treason." The Judiciary, dominated by hardliners, then banned any mention of talks with the US in the media.

At about the same time, the US State Department spokesman, Richard Boucher, revealed that American and Iranian diplomats had met privately in December to discuss the Afghan interim government and that meetings between US and Iranian officials had occurred numerous times since then, in the presence of representatives of other countries, to discuss other topics including the talks between Armenia and Azerbaijan and the Russian war in Chechnya.

The significance, if any, of the apparently (but who knows) definitive rejection of Senator Biden's offer and of the length of time it took to make that rejection clear is unknown. But then again, so is everything about Iranian politics. The point for the US is that formulating policy towards the Islamic Republic is made especially challenging given that US policy makers are unable to identify, let alone assess Iran's political dynamics. That seems to explain why the US does not appear to have a policy towards Iran. Neither including Iran in the Axis of Evil nor pressuring Russian President Putin to end Russia's construction of a nuclear reactor in Iran is a policy.

Pressure the Russians, President Bush did mightily during the recent Summit in Moscow. To no apparent avail. At their joint news conference after signing the agreement to reduce nuclear warheads, President Bush suggested that his Russian counterpart had given him "assurances." But Putin offered no assurances. To the contrary, he reiterated the Russian position that the construction of the reactor at Bushehr—a \$800+ million project for the Russians—was "exclusively" for purposes of developing energy, not weapons. Putin added, "I'd like to point out also that the US has taken a commitment upon themselves to build a similar nuclear power plant in North Korea. . . In addition to Iran, I think, we also need to think about other countries here. For example, we have some questions concerning development of missile programs in Taiwan and in some other countries where we've been witnessing active work on producing weapons of mass destruction."

US intelligence sources suggest that Iran will have a nuclear weapon in 5 to 7 years. The Israelis scoff at that assessment. They see an Iranian bomb by 2005. Rafsanjani did little to encourage either country when he suggested "the elimination of the Israel problem with the use of one nuclear bomb." According to US intelligence, Iran already has chemical weapons and has a biological weapons program.

Iran, then, has weapons of mass destruction and is moving to "go" nuclear. It is also

# International Political Economy

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developing the capability to deliver those weapons. Iran recently tested its Shahab-3 ballistic missile with a range of 800 miles, enough to reach Israel and US troops stationed in the region — including Saudi Arabia, Afghanistan, Pakistan and parts of Turkey.

And Iran continues to support terrorism. According to the US State Department's Patterns of Global Terrorism, issued on May 21, 2002, "Iran remained the most active state sponsor of terrorism in 2001. . . Since the outbreak of the intifada, support has intensified for Palestinian groups that use violence against Israel." Secretary Rumsfeld suggested that Iran has been cooperating closely with Syria in its support for Hizbollah and sending members of its Revolutionary Guards to the Bekaa valley for training and providing weapons. The State Department report did suggest that Iran appears to have "reduced its involvement in other forms of terrorism." The Department apparently meant that Iran had reduced the number of Iranian dissidents it had assassinated outside Iran.

But Iran apparently continues to support the terrorists of the Islamic Movement of Uzbekistan and warlords in western Afghanistan opposed to the US-backed interim government.

At least part of Iran's motivation for its continued support of terrorist groups opposed to the United States—and not merely to Israel—is its belief that Israel is merely an instrument of US foreign policy in the Middle East and a foreign policy specifically targeted to capturing land rightly belonging to Muslims and humiliating Muslims in the process. A senior cleric recently warned that Shiites "should scream" of talks with the US, "alas, this is humiliation. . . America believes that it is our master...[and] it wants us to surrender." Ayatollah Khamene'i put the Iranian position differently in a sermon on April 5, 2002. "If America had not approved," he suggested, "if it had not given a green light, if it had not promised support, the Israelis would not have dared to do these things. . . America is, therefore, a party to all the crimes being committed in Palestine today."

The government of Iran, then, is supporting terrorism, building weapons of mass destruction, and developing the means to deliver them to their enemies in the region. In addition, the clerics have resumed their hard line policy against internal dissent. For months after the September 11 terrorist attacks in the US, calm seemed to have returned to Tehran political circles. The reformist dominated Parliament set out to loosen the tight strictures of the hard liners. The reformist president Khatami, elected to his second four-year term in 2001 with 78% of the vote, seemed to be exerting control over the political system. The United Nations responded. In April, 2002, the UN Human Rights Commission voted not to censure Iran.

In May, the hard line crackdown resumed. The religious courts banned the official government newspaper, *Iran*, published by the Islamic Republic News Agency, and another paper published by a leading reformer. The courts then arrested Dr. Ebrahim Yazdi, who had just returned to Iran after cancer treatments in the US. Dr. Yazdi, a US citizen, had been a physician for many years in Houston when he abandoned his practice to become an assistant to Ayatollah Khomeini in his exile in France. As a scientifically trained Muslim activist, he contributed significantly to the success of the revolution and became a leader in the Iran Freedom Movement, the very secular moderates against whom Ayatollah Khomeini had struck with the seizure of the US

# International Political Economy

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Embassy in 1979. The hard line clerics periodically arrest and imprison the leaders of the Freedom Movement and Yazdi is about the last of the original leaders still alive. Despite his cancer and his advanced age, he was arrested and released on bail, an astounding sum for Iran of \$350,000. In the same week, the courts sentenced a journalist, and husband of a famous civil rights attorney, to 8 years in jail.

President Khatami responded by threatening to resign. “In a speech in early May, he declared, “A state that is religious and compatible with religion must also be brought to power by the people. And the people can remove it from power. They have the right of supervision. . . . And a state that arises from the people is under the supervision of this people.” He acknowledged that the reformists had promised changes that had not been delivered. “but there have been problems along the way; wrong deeds have been committed, stemming from differences of taste.” He concluded by offering to resign if “it is felt that we have become diverted from the path we promised the people, I will not remain at my position for a moment longer.”

Khatami did not resign. The crackdown did not end.

Even more recently, Khatami made another bold declaration in a speech broadcast throughout the country, “This revolution said that we want an Islamic republic, not an Islamic dictatorship. . . .When all the roads are blocked and the society sees itself under the siege of force and intrigues, it is drawn to use force in order to break the deadlock.” He seemed to be saying that even though he has demonstrated no ability, in over 6 years as the president of Iran, to bring the hardliners under control, he would not give up the struggle. There is no reason to believe he will be any more successful in the years remaining to him than he has been to this point.

What then should the US do about Iran? The US seems to have exhausted every policy option short of military force. It supported Iran’s principal military enemy in an eight-year war. The US led UN sanctions on Iran. The US continues to embargo trade with Iran—except for pistachios, carpets, and caviar exports to the US, which were lifted by President Clinton but are subject to punishing tariffs. The US has no diplomatic ties with Iran. It pressures the World Bank not to make loans to Iran. But as President Bush’s recent meeting with his Russian counterpart suggests, the sanctions policy increasingly falls on deaf ears. The embargo against Iran is porous, as it inevitably must be given that Iran is a major oil exporter that earns billions of dollars each year from the export of oil—some \$25 billion in the Iranian 2000/2001 calendar year.

There appear to be no short-term non-military solutions for US policy. But neither is there a military solution. The US President has apparently decided, after the US military chiefs weighed in, that a military campaign against Saddam in Iraq is not feasible for the foreseeable future. US forces are already spread across the globe in a war against terrorism and any invasion of Iraq would necessitate an invasion of Baghdad with all its possibilities for urban warfare and large numbers of US casualties. Certainly, the same holds for Iran. Moreover, like Saddam and unlike the late shah, the clerics are all too willing to kill to retain their grip over the Islamic Republic and in Iran, as in Iraq, there are no groups opposed to the clerics that the administration believes could either take power or whom the administration would like to see come to power.

There appear to be no diplomatic or political policies available to the US that would

# International Political Economy

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restore Iran to membership in the community of states. Nor are there any military options. But by putting Iran into the Axis of Evil, the President appears to have abandoned the notion that reformist President Khatami can exercise meaningful control over Iran—a conclusion that Khatami himself seems to have reached. Without any immediate prospects for bringing about any moderation in Iranian policies or of bringing about a regime change in Iran, US policy is by necessity a long-term policy, much like deterring the Soviet Union and hoping for its eventual collapse. That collapse did come, eventually, from internal forces.

What, then, are the prospects for an internal upheaval in Iran that will bring about a change in the rule of the clerics? In fact, dissatisfaction is rife across the country. The reformist press has been muzzled for reporting accounts of unrest. Factory workers and university students have been regular demonstrators, demanding back pay and freedom. The press has also reported on the corruption that permeates the clerical system. A recent series on the sugar industry gives a flavor of that corruption. The courts actually fined the four companies in Iran that dominate the sugar industry. The four were formed to export Iranian sugar. Instead, they imported sugar from outside the country at world market prices and then sold the imported sugar in the country at vast profit, given the inflated domestic price meant to subsidize Iranian sugar growers. Clerics and their relatives control the four companies and are referred to as the “sugar mafia.” In fact, Iranians see the entire economy controlled by what they refer to as the “clerical mafia.”

But despite all the dissatisfaction and yearnings for greater civil liberties and economic freedom in Iran, there are no organized groups within the country that could pose a threat to the rule of the clerics. The regime has been sufficiently repressive to prevent the rise of an opposition. Khatami will certainly not lead one. He is a cleric and will take no action that would threaten continued clerical domination.

There appears to be nothing the Bush administration can or will do in the near term to bring change to Iran. That must and will come eventually from the people of Iran themselves.

In the meantime, we will live with a hostile clerical regime.

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