Iranian Foreign Policy: A Neoclassical Realist View

Clifton W. Sherrill

Troy University

Abstract

Since its founding, the Iranian Islamist regime has acted contrary to realist expectations of prudential respect for power. Reliance on Islamism as the pillar of regime legitimacy has narrowed the regime’s foreign policy choices, causing Iranian elites to engage in innovative, but risky, efforts to balance against superior power. By incorporating domestic influences into a power-centered theory, neoclassical realism provides an explanation for Iran’s foreign policy. Ultimately, these foreign policy choices have privileged Islamist regime interests over Iranian state interests, leading to increasing instability as Iran experiences the systemic punishment expected by realist theories.
Iranian Foreign Policy: A Neoclassical Realist View

1. Introduction

Since the founding of the Islamic Republic of Iran in 1979, Iran has embraced a confrontational foreign policy, alienating both global and regional powers. Upon his return from exile, Ayatollah Ruhollah Mousavi Khomeini announced that Iran would follow neither West nor East, but instead pursue a path based on Islam. Khomeini quickly put this into practice, arresting or eliminating key members of the Iranian Tudeh communist party and condemning the Soviet Union’s invasion of Afghanistan, despite Iran’s shared border with the Soviet colossus. He likewise wasted little time in making an enemy of the United States by permitting an assault on the U.S. Embassy in Tehran and holding American Embassy employees as hostages for well over a year, while characterizing the United States as the “Great Satan.” Regionally, Khomeini called for existing Arab regimes to be overthrown and replaced by Islamists, then aided various groups committed to that end while waging an eight-year war against the neighboring Arab regime in Iraq. Showing disdain for the existing Sunni order, Khomeini challenged the Saudi role as Guardians of the Two Holy Mosques, even using Iranians on the hajj in Mecca to stage anti-Saudi demonstrations. Thus aggressive Islamism became the dominant feature of the Iranian regime.

Structural realist theories of international politics expect a middle-level power such as Iran to act within the limits permitted by its share of material capabilities. That is, Iran would not be expected to act in a hostile fashion toward superpowers or to instigate conflict within its own region without developing either allies or armaments to overcome, or at least balance against, the capabilities of its perceived adversaries.¹ As a Shia, ethnically Persian state in a

Sunni, ethnically Arab neighborhood, Iran is naturally isolated. Yet, Khomeini worsened relations in every direction. Neither globally nor regionally did Iranian foreign policy seem to conform to traditional power constraints.

The Islamist regime has made little real effort to balance through alliances. The sole state “ally” of Iran during this period has been the al-Assad regime in Syria - a regime which at the time of this writing is in the midst of a civil war and appears destined for collapse.\(^2\) Iran maintains security cooperation with North Korea; however, geographic distance relegates this to sharing technological developments rather than actually providing assistance with deployment of military forces. With the end of the Cold War, the United States became the primary adversary of Iran in the Islamist narrative. However, neither China nor Russia, the most obvious candidates for balancing against Western power, has been successfully engaged by Iran. While both of these states share an interest in constraining U.S. power, neither has established a close security relationship with Iran, although Iran has been granted observer status at the Shanghai Cooperation Organization. Through its position in the Non-Aligned Movement (NAM), Iran has attempted to attract support from several smaller states, most notably those in Latin America’s Bolivarian alliance. Yet this support is almost entirely rhetorical and offers little in terms of material capabilities.

Conversely, through political and military innovation, Iran has sought to balance against its materially superior adversaries.\(^3\) Given its size, population, and wealth, Iran cannot match the conventional military capacity of major powers such as the United States. Nor can it realistically hope to overwhelm a region populated by states with relatively equal or superior demographic

\(^2\) As of May 2013, estimates suggest there have been nearly 80,000 fatalities in the Syrian Civil War.

and resource foundations, such as Turkey and Pakistan individually, or the Gulf Cooperation Council collectively. Instead, recognizing the imperative of systemic balancing, but understanding the limitations imposed by the regime’s Islamist foundations, Iranian elites adopted an innovative approach attempting to balance against stronger states by pursuing asymmetric instruments of power, including both low-end (terrorism) and high-end (nuclear) means. Thus, from the early 1980s forward, Iran’s sponsorship of terrorist groups has provided a consistent regional operational capability. Meanwhile, although yet to acquire an actual nuclear weapon, Iran has invested extraordinary political capital in its high-profile pursuit of uranium enrichment technology.

Contrary to its relatively consistent material capabilities, the Islamist regime’s foreign policy has exhibited volatility. Although unrelentingly hostile toward the West, Iran’s clerics have demonstrated varying levels of intensity at different periods. Thus Iranian foreign policy choices have not merely followed objective capabilities, but have been influenced by other variables. Why has Iran taken the unusual path it has? Why hasn’t Iran pursued the more tried-and-true means of balancing through alliances? What explains the decision to accept this riskier strategy of asymmetric balancing? With its emphasis on power, informed by domestic context, neoclassical realism provides a useful tool for exploring this type of situation. Following its preferred method of providing a “theoretically informed narrative... that traces the ways different factors combine to yield particular foreign policies,” herein I offer a neoclassical realist interpretation of Iranian foreign policy.  

First I review the neoclassical realist paradigm and define key terms used in this study. Second, I outline the constraints the Iranian regime faces, both externally and domestically, and how the domestic constraints impact Iran’s pursuit of

---

power. Third, I apply this analysis to the foreign policy choices made by the Islamic regime. In
sum, I find that the use of Islamism as the legitimating ideal of the regime has increasingly
narrowed the available foreign policy choices, causing the subordination of state interests to
regime interests. As a result, the state has suffered realism’s predicted punishment, weakening
both the regime and the state.

II. Neoclassical realism

Neoclassical realism is specifically intended as a theory of foreign policy, unlike
structural realism which is designed as a theory of international politics. Whereas structural
realism focuses on the outcomes of interactions between states, neoclassical realism attempts to
explain the foreign policy choices of a particular state. Neoclassical realism accepts the
structural realist precept that systemic constraints are the primary influences shaping a state’s
foreign policy. Specifically, the amount of power a state possesses within the international
system is the single most important variable. Yet, power is difficult to measure, leading to
varying perceptions of its distribution at any given time. There is no authoritative objective
ranking of power to which statesmen might turn in order to calibrate their foreign policies.
Although primary, power is not the only influence on foreign policy. Domestic characteristics
also limit and shape a state’s foreign policy. Neoclassical realism argues that scholars must thus
address a state’s domestic context, which influences policymakers’ perceptions of power, in
order to understand foreign policy choices.

To be clear, neoclassical realism is not necessarily in conflict with structural realism.
Rather, it is aimed at explaining a different dependent variable - a specific state’s foreign policy -

rather than a pattern of international interactions. As has been observed repeatedly, structural realism does not deny that domestic level variables matter. Instead, it argues that power is what drives foreign policies over the long-term. States that adopt policies beyond their power position will ultimately be punished for their over-reaching. Such punishment plays out on the world stage, reinforcing the lesson that regardless of different state structures or aims, respect for power is incumbent upon all states. Short-term aberrations by individual states are not a matter of concern for structural realism as long as the long-term patterns conform to predictions centered on power. However, these aberrations are of interest to neoclassical realism, given its goal of explaining foreign policy. Accordingly, neoclassical realism accepts structural realism’s emphasis on power, but looks to domestic characteristics to understand the specifics of short-term policies.

Consideration of domestic level variables does not remove neoclassical realism from the realist family of models. Classical realism has long pointed to domestic factors as having a major influence on international behavior. Structural realism’s identification of the anarchic international structure, rather than human nature, as the motivation for states’ pursuit of power resulted in liberalism’s domination of domestic-level explanations in the 1980s and 1990s.

---

8 Rose, 144-172.
10 Hans J. Morgenthau, Politics Among Nations: The Struggle for Power and Peace, 5th ed. (New York, NY: Knopf, 1978), 211 (noting “National character and, above all, national morale and the quality of government, especially in the conduct of foreign affairs, are the most important, but also the most elusive, components of national power,”) and George Kennan “The Sources of Soviet Conduct,” Foreign Affairs 25, no. 4 (July 1947): 571-582 (discussing national character as a major influence on Soviet conduct).
Nonetheless, it is the very willingness to return to domestic variables that has earned neoclassical realism its “classical” appellation.

Before proceeding further, it is necessary to consider some basic definitions. The distribution of power within the international system sets limits to foreign policy choices if states are to protect their national interests; yet, states cannot act directly. Rather, each state has a particular domestic order that sets rules and develops institutions for governance. Following the principles laid down by these domestic “regimes,” specific governments are emplaced. Elites within the governments, conditioned by the regimes they serve, act in the name of the state.

These three concepts - state, regime, and government – are at times used interchangeably; however, it is useful to explicitly distinguish between them. The state is a geographically centered construct consisting of specifically delineated territory and the people residing therein. State interests are the political survival of the state and the well-being of the population within its boundaries. In this sense, the state is an ideal serving as the “true representative of national interests.” As such, it can be presented as a rational, unitary actor in the abstract. A regime is the system of governance within a state. It refers to the fundamental underlying principles and structure for determining who gets what. For example, in the United States, there has been a single regime since the adoption of the U.S. Constitution in 1787. In contrast, the overthrow of the Shah by the Iranian Islamists in 1979 ushered in a new regime. The term government identifies a specific set of individuals who occupy positions of authority within the existing

---

1 Rathbun, 314. My definition of “state” is more in accordance with the definition of a “nation-state” provided in Michael Mastanduno, David A. Lake, and G. John Ikenberry, “Toward a Realist Theory of State Action,” *International Studies Quarterly* 33, no. 4 (Dec. 1989): 458 fn. 3, while my definition of “government” is similar to their definition of “state”; however, I reject their presumption that the actions of the individuals in the government are removed from the influence of domestic institutions and are focused on national interests.

regime at a given time. While the state has a consistent set of objective interests, the government acting in the name of the state may or may not pursue these interests, despite its charge. Governmental elites may prioritize regime interests or their own individual political interests at the expense of state interests. Rarely, if ever, is the government a unitary, rational actor. To use the common analogy of a trust, the state is both the trustor and the beneficiary, granting authority to the government to act as trustee on the state’s behalf, pursuant to the rules of the regime (the trust agreement). Or, one might identify the state, regime, and government as the what, how, and who, respectively, of domestic politics.

It is also useful to expressly define power. No better definition of power exists than that offered by Robert Dahl half a century ago: the ability to get someone to do that which they otherwise would not have done. While this definition of power may be difficult to empirically measure, it has the irreplaceable advantage of conceptual accuracy. Nonetheless, because of the measurement problem, power is often assessed by comparing one state’s material capabilities to another. In this way, two separate concepts – power and material capabilities – become conflated. Power, as Dahl defines it, is an inherently relational concept. In a system with a single state, a discussion of systemic “power” would be meaningless. Conversely, material capabilities are an absolute concept. A state’s material capabilities are a measure of the state’s stores of the resources in question; not a comparison to the resources of another state. While the balance of material capabilities between two states has great bearing on the dyadic balance of

---

14 Steven E. Lobell, “Threat Assessment, the State, and Foreign Policy: A Neoclassical Realist Model,” in Neoclassical Realism, the State, and Foreign Policy, eds. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro (New York, NY: Cambridge Press, 2009), 51.
15 Whether a government is a unitary actor depends on the structure of the regime and the degree of elite cohesion. The absence or uncertainty of information generally prevents rationality.
17 Cf. Rose, 151 fn.15 (rejecting Dahl’s definition of power as beset by too many practical difficulties of measurement).
power, material capabilities are not the only elements of power. First, governments vary in their ability to mobilize and to extract resources.\textsuperscript{18} A state may have greater latent material capabilities than a competitor, but the government may be able to mobilize only a fraction thereof to deal with a particular issue.\textsuperscript{19} The nature and structure of the domestic regime can have a large influence on mobilization and extraction of resources. Thus, despite a greater endowment of capabilities, a state may not be able to exert power over a competitor. Second, power can include intangible qualities such as will, perseverance, and risk propensity. A government in a responsive, popularly accountable regime may be unable to bear the costs of violent conflict to the same degree or for the same length of time as a government in an authoritarian regime insulated from public discontent. Alternatively, a democracy that mobilizes strong national support for a conflict may be better positioned to prevail. Ultimately, considerations of power must involve more than a comparison of material capabilities.

With these definitions of the state, represented by a regime-dependent government, and power, two sets of intervening variables between an appreciation of power and adoption of foreign policy are important. First, governing elites’ subjective perceptions of power may result in erroneous interpretations of the actual international distribution of power. Second, governing elites may react to domestic constraints by placing regime or individual interests ahead of national interests in choosing their policies.

In the first case, uncertainty, incomplete information, and bias can color the perceptions of governing elites.\textsuperscript{20} Objective measures of material capabilities can provide a starting point for

\textsuperscript{18} Jeffrey W. Taliaferro, Steven E. Lobell, and Norrin M. Ripsman, “Introduction: Neoclassical Realism, the State, and Foreign Policy,” in Neoclassical Realism, the State, and Foreign Policy, eds. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro (New York, NY: Cambridge Press, 2009), 4.


\textsuperscript{20} Rose, 157-58.
analyzing power, but assessing the ability of a state to draw upon these capabilities and evaluating the intangible components of a state’s power are far more difficult tasks. When information is lacking, cognitive and affective biases play a greater role in helping policymakers analyze and predict behavior of others, thus affecting their own policy choices.\textsuperscript{21} Perceptions will be shaped by both the expectations and the preferences of the beholder. Changing these preconceptions can be challenging, requiring something greater than a simple preponderance of the evidence. Thus, rather than updating perceptions in an incremental way as new information is received, adjustments often come in “shocks” resulting in a new appraisal of the distribution of power.\textsuperscript{22} Accordingly, as Friedberg points out, assessments of power are related to, but not determined by, reality.\textsuperscript{23}

In the second case, the distinctions between the state, the regime, and the government, take center stage. Governing elites are constrained in their foreign policy choices not only by international factors, but by domestic considerations as well.\textsuperscript{24} They are not always free to adopt the most prudent foreign policy, i.e. one based on an accurate understanding of power disparities, even if they so desire. Both regime health and the individual fortunes of governmental elites influence foreign policy. Normally, governments support the regimes that have allowed them to rise to power. Thus, governments are generally highly sensitive to maintaining regime legitimacy, although this is not always the case.\textsuperscript{25} Likewise, governing elites are concerned with

\begin{footnotesize}
\footnotesize
\textsuperscript{22} Rose, 160; Zakaria, 11.
\textsuperscript{25} One exception is exemplified by Ferdinand Marcos, who rose to power in the Philippines via a democratic regime, only to dismantle the regime by suspending elections, declaring martial law, and drafting a new constitution, allowing him to retain power.
\end{footnotesize}
their own political standing within the regime. Where the regime is threatened internally or where individual elites face removal from office, domestic imperatives may overwhelm policymakers’ consideration of systemic constraints. Either or both of these can result in the subordination of state interests to domestic political considerations.

Thus to understand a government’s foreign policy choices, it is necessary to consider the elites’ perceptions of both their relative material capabilities (external constraints) and their internal position (domestic constraints).

### III. Iran’s External Constraints

At the time of the Islamic Revolution, Iran was a mid-level power. From the end of the Second World War, when the United States pressured Soviet forces into withdrawing from northern Iran, until the Islamic Revolution in 1979, the Iranian regime was aligned squarely with the United States. Along with Saudi Arabia, Iran served as one of the West’s “twin pillars” stabilizing the Persian Gulf region and balancing against the expansion of Soviet regional influence. During this period, Iran’s population more than doubled, rising from 15.4 million to almost 38 million; gross domestic product per capita rose from $1,316 to $3,777, as measured in constant 1979 U.S. dollars; and total exports grew by a factor of nearly one hundred, increasing from $264 million to a high of $24.26 billion in 1977, as measured in constant 1979 U.S. dollars. This economic success was buoyed by access to high quality American arms, giving the Iranian military modern capabilities, albeit at the price of being tethered to an American lifeline for maintenance, spare parts, and ammunition. Nonetheless, the Shah’s regime was

---

widely unpopular within Iran due to the lack of governmental accountability, widespread corruption, a brutal domestic intelligence service, and the unequal distribution of wealth. Thus, the Shah’s ability to project power abroad was less than his material capabilities might have suggested. From a global perspective, with the possible exception of oil, Iran exercised little independent influence on the international system: from a regional perspective, Iran was a major although not dominant player, perceived to be under the aegis of American protection.

With the Islamic Revolution, Iran lost its superpower patron. Due to its oil supplies and key geo-strategic locale, both the United States and the Soviet Union maintained interest in Iran, hoping to be positioned to capitalize on the expected collapse of the revolutionary regime. The emergence of a theocratic regime concerned the major powers, but few believed it would have a major impact globally. Conversely, within the greater Middle East sub-system, the Islamic Revolution had a much larger effect.\textsuperscript{27} Based on the Correlates of War composite indicator of national material capabilities, Iran was one of five roughly equal states in the region, along with Turkey, Pakistan, Saudi Arabia, and Egypt.\textsuperscript{28} However, with the revolution came a renewed public spirit in Iran, marked by a greater sense of purpose among the true believers that was manifested in the hundreds of thousands who volunteered for military service in the first years of the war against Iraq. Despite the purging of the Iranian officer corps, and severance of the military’s American supply lines, Iran staved off the Iraqi attack. Many Iranian revolutionaries interpreted the removal of the Shah and the lack of a counter-revolution to reinstate him as a signal defeat of the United States and emblematic of Iran’s new power. Each day that the

\textsuperscript{27} By greater Middle East subsystem, I mean Arab North Africa, the Middle East proper, Turkey, Pakistan, and Afghanistan.

\textsuperscript{28} The Correlates of War composite indicator of national power is an index based on a state’s iron and steel production, energy consumption, military personnel, military expenditures, total population, and urban population. Each of the five states listed had between 9.5 and 12.6 percent of the “material capabilities” distributed throughout the greater Middle East and North Africa in 1979-1980.
Ayatollah remained in charge was a testament of divine approval. For many, religious faith was transferred to support for the new regime, giving the state greater power than mere capabilities would suggest.

Still, while these intangible qualities boosted state power, they did not eliminate the systemic disadvantages Iran faced. In terms of conventional military capabilities, Iran lacked the ability to project power beyond its borders. Although able to repel the Iraqi offensive, Iran could not sustain a successful counterattack into Iraq. Economically, the Islamist regime saw a significant decline. From a high of $55.7 billion (all values expressed in constant 1999 U.S. dollars) in 1977, Iranian exports declined to $16.5 billion in 1981. For the first twenty years of the regime (1979-2004), exports averaged just over $20.8 billion, never coming within even $25 billion of the pre-revolution high.29 Iran’s share of global gross domestic product (GDP) has ranged between 0.88 and 1.30 percent between 1980 and 2012, compared to the U.S. share which varied between 19 and 25 percent.30

Nonetheless, regionally, Iran’s share of material capabilities has remained remarkably consistent. As Figure 1 illustrates, Iran has steadily maintained around twelve percent of the region’s material capabilities, as measured by the Correlates of War index – a figure matched by Pakistan, slightly exceeded by Turkey, and slightly larger than Saudi Arabia and Egypt.

29 Data based on Correlates of War figures, transformed from current dollars to constant dollars using the GDP deflator. Calculator available at <http://stats.areppim.com/calc/calc_usdlrxdeflator.php>
Regardless of these constraints, with its direct hostile conduct, Iran ensured conflict with the superpowers and its Arab neighbors: with its breach of global norms related to embassy security, Iran alienated much of Europe. Thus, despite Khomeini’s commands to followers to export the revolution, the new regime faced serious external checks in what it could actually do to exercise power abroad.

**IV. Domestic Constraints**

Neoclassical realism contends that while systemic power is the most important influence on a state’s foreign policy, domestic conditions also shape how decision-makers perceive the balance of power in a given situation and so affect the range of policy options available to a particular government. Zakaria identifies four key characteristics that affect a government’s
ability to marshal power: the scope of government responsibility in society, the degree of
government autonomy from society, the capacity of the regime to extract wealth, and the level of
centralized decision-making within the regime.\textsuperscript{31} Taliaferro, Lobell, and Ripsman also identify
four domestic characteristics that “intervene between the leaders’ assessment of international
threats... and the diplomatic, military, and foreign economic policies those leaders pursue.”\textsuperscript{32}
They basically adopt the latter three entries on Zakaria’s list, but substitute the influence of
domestic groups within the regime for Zakaria’s scope of government responsibility.\textsuperscript{33} These
characteristics provide a useful framework in assessing domestic constraints. Not only do they
directly affect foreign policy by shaping the options available, but they also indirectly affect
policy by affecting leaders’ perceptions of the balance of power. Strong, centralized,
governments that are not directly accountable to the public, that benefit from elite cohesion, and
that have high extractive capabilities will be more apt to adopt policies that diverge from
realism’s archetypical prudent respect for power. In other words, the elites in such states will be
more likely to misconstrue the actual distribution of power and will be better positioned to place
regime or government interests ahead of the true national interests.

A. \textit{Scope of government responsibility and influence of domestic groups with the regime}

The new Islamic regime arrived in power claiming to represent God’s true will.
Ayatollah Khomeini juxtaposed Islam and Westernism, asserting that the Shah’s pro-Western
modernization efforts were in conflict with Islam and were the cause of injustice and social

\textsuperscript{31} Zakaria, 38-39. Zakaria explains each of these as “state” characteristics. I have identified them as government or
regime characteristics to maintain consistency with my usage of these terms.
\textsuperscript{32} Taliaferro, Lobell, and Ripsman, 4.
\textsuperscript{33} Ibid. These are also similar to categories identified by Randall Schweller in his study of whether states will
balance against potential threats: elite consensus; government vulnerability, social cohesion, and elite cohesion.
Schweller, “Unanswered Threats,” 169. Mastanduno et al., highlight the mobilization and extractive capabilities of
the state and whether the state is strong or weak, 462-69.
decay within Iran. Thus, from the outset, an activist, aggressive version of Shia Islamism was established at the foundation of the new regime’s identity. Introducing the concept of veleyat-e faqih (rule of the supreme jurisconsult), Khomeini reserved unchecked political power for himself, establishing a system of parallel institutions to govern the state. On one hand is an official government, with an elected President, elected parliament, and professional military, charged with the routine administrative tasks of governance. On the other are the Supreme Leader, a Guardian Council of clerics, and an Islamist military force, the Islamic Revolutionary Guard Corps (IRGC), which reports directly to the Supreme Leader. The Supreme Leader is constitutionally empowered to set forth the general policies of the state, supervise the execution thereof, command the armed forces of the state, declare war and peace, determine the suitability of the President, and appoint and dismiss key officials including members of the Guardian Council, the supreme judicial authority, the various military commanders, and the head of the state media.\(^\text{34}\) The Guardian Council oversees elections, including rejecting potential candidates who are considered insufficiently Islamic, and can strike down legislation the parliament might pass, if it is considered inconsistent with Islamic principles. For the Islamic Republic of Iran, the Islamic component of the regime dominates its republican aspects.

As would be expected in a regime based on religion, the clerical elite lay claim to broad authority over both public and private life. By combining church and state, the regime ensures there is little space left in which alternative centers of power might develop. In addition to the political power noted above, the Islamist constitution places overwhelming economic authority in governmental hands. Formal institutions like the paramilitary Basij and informal groups such as Ansar-e Hezbollah, both supported by the clerical elites, act as morals police at the local level,

\(^{34}\) Article 110, Constitution of the Islamic Republic of Iran
evidencing regime power over private life in an intimidating manner. While not rising to the level of a totalitarian regime, there is little question that the Iranian government asserts an extremely broad scope of responsibility.

Other political groups that participated in the demonstrations against the Shah, including secularists, democrats, Islamic moderates, and Marxists, were either eliminated or marginalized by the Islamists within the first two years of the regime. The professional military was purged, with thousands of officers fleeing the country while many others were put to death. Apolitical technocrats who sought a rational economic basis for Iran were dismissed with a terse explanation from Khomeini, “I do not accept that any prudent individual can believe that the purpose of all these sacrifices was to have less expensive melons, that we sacrificed our young men to have less expensive housing....”35 Businessmen successful under the Shah’s regime fled Iran, leaving in place a commercial class dependent on the traditional, notoriously corrupt, clergy-merchant partnership. By 1981, the clerics dominated the Iranian state to the exclusion of all other organized domestic groups. While factions have grown within the regime, today there are few well-organized domestic interest groups outside the regime and none that have the ability to fundamentally alter government policy.

B. Level of Government Autonomy from Society

With only weak domestic interest groups outside of the regime, the Islamic government is free of pluralist differences that might otherwise constrain policy. The control exercised by the clerics over the electoral process renders the ballot box impotent as a means of influencing

government decisions. Accordingly, the government is “centralized and insulated from society,” allowing it to impose its policies upon society rather than ensuring it meets society’s demands. Of course, no government can blithely ignore the unorganized masses. The latent threat of revolution exists in any society, regardless of the strength of the regime. Moreover, where active support is too much to ask, it is still far less costly to rule by acquiescence than by force.

In Iran, the regime appeals for public support by invoking the claim of divine will. Islam is presented as the source of governmental legitimacy. Having failed in its first three decades to deliver good governance by traditional measures, Islam is even more important to the regime today than it was at the time of the revolution. Social, economic, and political failures are explained away as the products of evil actors abroad. Domestic repression is justified as necessary to guard against Western plots. By adopting this rationale, the regime finds it necessary to pursue a strategy of “external validation.” Specifically, the regime attempts to burnish its Islamist bona fides by denouncing Israel, trumpeting its support for Palestinian confrontationist groups and the “rejectionist” front, and sustaining hostility toward the leader of the West, the United States. While these policies bolster the regime’s Islamist credentials, they do not benefit the Iranian state. Indeed, accommodation with Israel makes more geopolitical sense given that Iran and Israel share both ethnic and religious minority status in a Sunni Arab region. Likewise, a hostile approach to the United States serves no national interest in Iran, but rather denies significant economic opportunities.

36 Mastanduno et al., 467-68.
37 Mastanduno, et al., 464; Shahram Chubin, “Extended Deterrence and Iran,” Strategic Insights 8, no. 5 (December 2009), (explicitly noting, “Foreign policy is used for legitimation of the regime.”)
38 See e.g., Trita Parsi, Treacherous Alliance: The Secret Dealings of Israel, Iran, and the U.S. (New Haven, CT: Yale University Press, 2007).
For the Iranian Islamists, America is treated as an idea rather than a state. Ayatollah Ahmad Jannati of the Guardian Council, speaking in 2007, expressed the point clearly, “When all is said and done, we are an anti-American regime. America is our enemy and we are the enemies of America.” Jannati reiterated this in a 2009 sermon, explaining “If we are to assure that the Islamic establishment, the revolution and Islam are to stay and the people are to live comfortably, the flag of the struggle against America should always stay hoisted.” According to Karim Sadjadpour, Ayatollah Khamenei continues to hold fast to the idea as well, admitting in private “We need enmity with the United States.” To end anti-Americanism would be to invalidate a central premise of Iran’s Islamist regime, calling the entire system into question and exposing the government to accountability for the thirty-year history of political and economic failure.

Popular satisfaction with the regime is difficult to ascertain with precision due to the lack of free speech or a free press. Public opinion polls taken in an environment marked by respondents’ fear of possible government surveillance have internal validity issues. The 2009 electoral protests revealed popular discontent, although it is unclear to what degree this reflected merely anger over the overt fraud as opposed to readiness for a new regime. What is clear is that the government is willing to use brute force to end demonstrations and that the Iranian domestic opposition is unable to mobilize support in the face of such violence. As the Arab Spring reached across the greater Middle East in 2011-12, Iranian officials quickly and forcefully squashed efforts within Iran to follow suit. Even in the face of crippling economic sanctions

40 “Iran’s Struggle with America Should Continue,” Reuters (November 13, 2009).
41 Karim Sadjadpour, “The Sources of Soviet Iranian Conduct,” *Foreign Policy* (November 2010), 86.
resulting in massive inflation, there is little evidence to suggest the Iranian public is willing to endure the violence and chaos attendant to revolution.

Thus, while free of the constraints faced by pluralist representative regimes, the Iranian regime does face two significant limitations. First, it must maintain its Islamist foundation if it is to have any domestic legitimacy. Second, it must devote resources to domestic security services to forestall mobilization by regime opponents.

C. Degree of Elite Cohesion

Among the ruling elites there are a variety of factions. Conservatives who played major roles in the revolution are now challenged by a new generation of conservatives who came of age during the Iran-Iraq war rather than under the Shah’s rule. While both groups emphasize Islamism, the latter group is driven in part by laymen who contend the “old guard” clerics have allowed corruption and stagnation to set in. This has played out most publicly in the falling-out between the Supreme Leader and President Ahmadinejad. A third group, “pragmatists” often associated with former President Rafsanjani (1989-1997), seeks to defuse international tensions for economic reasons. Yet another faction, the reformists, seeks to bring more accountability to the system and to reduce the overall power of the Supreme Leader; however, to date, they have failed. Represented by former President Khatami (1997-2005), they seek to work within the regime to promote reforms, but have found stiff resistance from both the old-guard conservative clerics and the new generation conservatives. Reformist legislation was rejected by the Guardian Council, demonstrations were met with brutal force, and Khatami was publicly humiliated when he was forced to back down under threats by the IRGC. The 2009 presidential elections saw pragmatists and reformists cooperate in an attempt to challenge the conservatives, but this was
quickly overwhelmed. Blatant electoral irregularities were dismissed as the Supreme Leader declared a winner then sent the Basij into the streets to end public protests while placing the “losing” candidates under house arrest. No well-organized revolutionary groups exist as the regime works hard to strangle such efforts before they can mature into a threat. Despite their differences, both groups of conservatives, the pragmatists, and the reformists all recognize their dependence on the Islamic regime. Should the regime fall, retribution would likely be swift regardless of faction.

The key security force guaranteeing the regime’s control is the IRGC. Over the course of the Iran-Iraq War, the IRGC grew from a praetorian guard to a full blown military force comprising as many as 450,000 troops.\(^\text{42}\) When the war ended, an IRGC down-sized to approximately 120,000 troops was used by the clerics for infrastructure reconstruction, resulting in a growing economic portfolio for the IRGC commanders. Over the past two decades, the IRGC has become the most powerful domestic actor outside the clergy, maintaining domestic security through its subordinate Basij force, managing the nuclear enterprise, obtaining lucrative state contracts in construction, oil and gas, and telecommunications, and dominating the highly profitable black-market that Western sanctions have helped build. The IRGC now stands as the most influential domestic actor that could potentially challenge the existing regime; however, to date, the IRGC has steadfastly supported the Supreme Leader. This is not to claim that the IRGC is a unitary actor bereft of internal divisions; rather, it is to note that it has institutional interests and an organizational structure capable of bringing significant influence to bear.

In sum, while there are normal political differences and various factions within the regime, as a whole there is a strong measure of elite cohesion. In terms of the fundamental

\(^{42}\text{Daniel L. Byman, Shahram Chubin, Anoushiravan Ehteshami, and Jerrold D. Green,} \textit{Iran’s Security Policy in the Post-Revolutionary Era} (Santa Monica, CA: Rand, 2001), 34.
external policy of promoting the regime’s Islamist identity, the various factions differ mainly on the aggressiveness with which such should be undertaken.

\[D. \textit{Mobilization and Extraction Capacity}\]

Regimes vary in their ability to promote the efficient development and use of resources within the state (mobilization) as well as their ability to access these resources for government use (extraction). Often, there is a tradeoff between the two. Regimes that have adopted liberal economic principles of private property rights and market competition have generally outperformed regimes that emphasize central planning and national ownership of natural resources, in terms of material wealth. The inefficiencies of stultifying bureaucracies and the lack of incentive for innovation and improvements in productivity have resulted in economic stagnation. However, while heavy government involvement may diminish national economic output, it has the advantage of providing easy access to the resources generated. Conversely the laissez-faire policies that bolster the marketplace can hinder the government’s ability to appropriate resources needed to carry out government policy. Effective taxation depends on implementation of a system that maximizes revenue without undermining the profit incentive. Because governments that emphasize private property rights and rule of law are also likely to be representative governments, issues surrounding a “fair” distribution of wealth also affect extraction. Although reductionist, the economic mobilization-extraction dilemma comes down to a basic calculation: is it better to get a smaller piece of a bigger pie or a bigger piece of a smaller pie?
The Iranian Islamists have opted for a low mobilization, high extraction system. The Iranian Constitution provides that “all large-scale and mother industries, foreign trade, major minerals, banking, insurance, power generation, dams and large-scale irrigation networks, radio and television, post, telegraph and telephone services, aviation, shipping, roads, railroads and the like; all these will be publicly owned and administered by the state.” Along with this, regime elites run the quasi-public entities known as bonyads, huge trusts created to administer the wealth confiscated from the Shah and his supporters. While ostensibly charities, the bonyads have become multi-billion dollar profit-making enterprises, in some cases protected by law against competition, that serve as a source of patronage and a giant slush fund for activities the Supreme Leader wishes to undertake outside the official budget.

With this highly centralized, uncompetitive structure, the Iranian economy has performed miserably. During the first decade of clerical rule, the Iranian economy contracted at an average rate of 2.4 percent per year. According to the World Bank, gross domestic product per capita (GDP/PC) in Iran decreased by nearly one third in the first three decades of the regime. In 1977, GDP/PC was roughly the same for both Spain and Iran: by 2006, Spain’s GDP/PC was nearly four times that of Iran, despite the windfall to Iran from oil price increases. The exchange rate fell from 70 Iranian rials to $1 U.S. in 1979 to an official rate of 11,750 rials to $1 U.S. in June 2011 and to a market rate of nearly 36,000 rials to $1 U.S. by early 2013. The 2013 unemployment rate is in double digits as job growth lags far behind that needed to accommodate the flood of new entrants into the market given Iran’s population growth. The oil

43 Article 44. Constitution of the Islamic Republic of Iran.
44 Patrick Clawson, “The Islamic Republic’s Economic Failure,” Middle East Quarterly 15, no. 4 (Fall 2008): 20 (citing the IMF as the source of this figure).
45 Cited in the testimony of Patrick Clawson, U.S. Senate, Iran’s Political/Nuclear Ambitions and U.S. Policy Options, Statement of Patrick Clawson (May 17, 2006).
industry infrastructure is in serious disrepair and in need of substantial renovation; yet, hobbled by corruption and the statist constitution, Iran cannot attract foreign direct investment.48 From the pre-revolution oil production high of over 6 million barrels per day in 1974, Iran fell to only 1.5 million barrels per day in 1980 and remained between 3.5 and 4 million barrels per day from 1991-2011.49

Although saddled with low mobilization capacity, the direct state control over major components of the economy, coupled with bonyad dominance in the private sector, gives the regime ready access to the wealth that does exist. Oil exports comprise the most important source of regime wealth, with eighty percent of foreign earnings attributable to this single commodity.50 This aids the regime in maintaining its separation from the population and spending on unpopular projects as the regime does not rely on taxation for funding.51 Due to windfall profits from rising world oil prices over the past decade, the Islamist regime has been able to sustain its more costly foreign policies despite its poor record in building state wealth.

Power involves more than the material capabilities associated with wealth. Thus, another part of the mobilization and extractive capacity of a regime is the ability to generate and make use of the intangible elements of power. Specifically, is a regime able either to rally the people or, alternatively, to effectively coerce the people to support the regime’s policies? As discussed above, although the regime is insulated from society, it is still necessary to pursue some legitimating ideal. Since its founding, the regime has relied on Islamism to generate support;

51 Iran’s estimated tax revenue in 2012 was just 13.8 percent of gross domestic product, placing Iran 199 out of 213 countries in the world. Ibid.
however, after three decades, repeated calls for public sacrifice (martyrdom) are losing their luster. In accordance with Taliaferro’s explanation that nationalism can be used to facilitate public support, the clerics’ greatest recent success has been to appeal to the people by infusing their Shia theology with Persian nationalism at times of stress.52 This has been most evident in the rhetoric surrounding the nuclear program, where the government has characterized Western non-proliferation efforts as attempts to deny Iran its rights as a sovereign state. The value of this campaign can be seen in the support even the Iranian reformists have voiced for continuing a civil nuclear program.53 Nonetheless, the regime retains a repressive posture, tightly controlling the press, censoring the internet, prosecuting those who speak out against the system, and regulating daily social life via a variety of formal and informal security organizations.

Accordingly, the evidence is mixed as to whether Iran can mobilize public support beyond the probable rally-round-the-flag burst of initial support during conflict. The regime’s coercive capability has been demonstrated with regularity; however, such coercion comes burdened with opportunity costs, as maintaining the security services consumes resources.

Together, these domestic characteristics reveal a strong regime, with political power centralized among the clerical elite and their security forces, independent of domestic interest groups, and buffeted by control over oil wealth.54 While intra-elite factions exist, all the factions

52 Taliaferro, 219-222 (discussing the role of nationalism); Robin Wright, The Last Great Revolution: Turmoil and Transformation in Iran (New York, NY: Alfred A. Knopf, 2000), 10 (noting Shia Islam “has long been a nationalist force in Iran”); and Roy Mottahehdeh, The Mantle of the Prophet: Religion and Politics in Iran (Oxford, UK: Oneworld, 2000), 171 (explaining “Shiism now became intertwined with the independent political existence of the ‘soil of Iran.’”).

53 For example, Mir Hussein Mousavi, a reformist candidate in Iran’s 2009 Presidential election praised Iran’s nuclear work, asserting “The nuclear technology is one of the examples of the achievements of our youth.” Thomas Erdbrink, “Another Key Politician to Run Against Ahmadinejad,” Washington Post, 11 March 2009, A8.

54 Ripsman, Taliaferro, and Lobell suggest that deviation from systemic imperatives is more likely in a weak state than a strong state; however, they qualify this by noting that deviation is also likely where the domestic context “impede[s] policy flexibility.” While I find that the Iranian regime is relatively strong, I contend that the regime’s use of Islamism drastically impedes policy flexibility. Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, “Conclusion: The State of Neoclassical Realism,” in Neoclassical Realism, the State, and Foreign Policy, eds. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro (New York, NY: Cambridge Press, 2009), 281.
support the maintenance of the regime. To maintain their position, the elites have sacrificed economic growth in favor of governmental economic control. To build legitimacy, the elites have staked everything on their claim to religious right. Should this pillar fall, the regime would stand naked as an oligarchy propped up solely by force.

V. Iranian Foreign Policy Choices

Since the founding of the Islamist regime, Iran has aspired to become the regional hegemon. Yet, Iranian material capabilities, which have remained fairly consistent relative to the rest of the region, do not support such a goal. Even with its capabilities buoyed by popular revolutionary support at the regime’s outset, Iran lacked power commensurate with its hegemonic goal. Still, the Iranian leadership has pursued policies in excess of Iranian power, contrary to realist predictions. By considering the intervening domestic characteristics highlighted by neoclassical realism, a clearer understanding of Iranian choices emerges.

Iranian foreign policy is overseen by a body known as the Supreme National Security Council (SNSC), relegating the foreign ministry professionals to the execution of pedestrian administrative tasks. Accordingly, it is unclear whether the expertise of, and information acquired by, these professionals is actually utilized by the policy-makers. To the extent they are not, the appreciation of “international constraints and incentives” expected under neoclassical realist thought is diluted.\textsuperscript{55} The SNSC is chaired by the President and consists of the Speaker of the Majlis, the Chief of the Judiciary, the head of the intelligence service, the Foreign Minister, the Defense Minister, representatives from the Supreme Leader’s Office, and a number of

\textsuperscript{55} Norrin M. Ripsman, “Neoclassical Realism and Domestic Interest Groups,” in \textit{Neoclassical Realism, the State, and Foreign Policy}, eds. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro (New York, NY: Cambridge Press, 2009), 172.
military officers. The Supreme Leader has ultimate authority over any decisions reached within the Council. Because the elections in Iran are essentially “window dressing,” there is no true popular representation despite the presence of “elected” officials. Together, the SNSC and the Supreme Leader comprise the foreign policy elite. As explained in Section IV above, this group is currently highly centralized and free from concerns over the policy preferences of groups outside the regime. While internal factions exist, all of the factions understand that regime legitimacy is based on Islamism. This ensures elite cohesion with respect to the basic choice of using foreign policy to maintain the regime’s Islamist credentials.

A review of the foreign policy choices adopted at key moments over the history of the Islamist regime demonstrates the salience of neoclassical realism’s explanatory variables. Such an approach is appropriate given that adjustments to perceptions of power generally occur at a series of inflection points rather than incrementally. While objective material capabilities have remained relatively steady, as domestic constraints have varied such that the regime elites have felt more powerful, they have accepted greater risk and acted contrary to realist predictions.

1. The Embassy Seizure

 Shortly after the arrival of Khomeini in Iran in February 1979, a group of pro-Khomeini radicals attacked and looted the U.S. Embassy in Tehran. Uncertain of their new standing and how the United States would react, Khomeini and his advisors quickly ordered their armed supporters to the scene to evict the attackers. At that point Khomeini had yet to establish an Islamist regime and, while undoubtedly the face of the revolution, was still part of a coalition

that had gathered to oust the Shah. Lacking autonomy from society or elite cohesion, the Islamists acted in accord with the dictates of classic power politics in seeking to avoid directly challenging the United States.

In contrast, nine months later, in the process of eliminating his domestic rivals and establishing a new Islamist constitution, and now with diminished fear of a potential U.S. supported coup, Khomeini perceived himself to be in a much different position. He thus stood by as radical supporters again attacked the U.S. Embassy and seized hostages. Seeing the popularity of the move within Iran, Khomeini subsequently announced his support for the seizure. He then exploited the surge in Iranian pride that came with humiliating a superpower to weaken the provisional government and consolidate the Islamists’ domestic control. While still cognizant of Iran’s respective power position systemically – as evidenced by Khomeini’s initial silence about the attack – the Islamists’ improved domestic position allowed them to accept greater risk. The failure of the United States to respond set a precedent for the Islamists, demonstrating that anti-Western attacks could be used to bolster domestic support as well as to enhance the perceived power position of the state abroad. However, adoption of anti-Western Islamism as the central identity of the regime would later engender a loss of policy flexibility.

2. The Iran-Iraq War

In September 1980, Iraq attacked Iran. Having purged the Shah’s military, the Islamist regime struggled initially to fend off the Iraqi offensive. Under this new pressure, and fearing the United States might support the Iraqi push, the Islamists decided to end the hostage crisis – again evidencing a realist appreciation of the power perceived to be arrayed against Iran. Through a combination of Iraqi incompetence and Iranian willingness to sacrifice large numbers
of troops, the Iraqi campaign failed and by 1982 Iran had turned the tide of the war. When Iraq sought to end hostilities, the revitalized Iranians rejected the offer and undertook offensive operations of their own. Adopting an attrition-based strategy premised on indoctrinating Iranian troops with a spirit of willing martyrdom, Iran suffered staggering casualties, but made only minimal gains over the next few years. By the mid-1980s, the Islamists were forced to face the fact that well-indoctrinated troops were no match for superior weaponry. Moreover, popular enthusiasm for the “export of the revolution” began to wane while the economy continued to suffer. Recognizing their weakened domestic position, the Islamists subordinated their ideological tenets to power politics and secretly bargained for modern weaponry from their sworn adversaries in Israel and the United States as part of the Iran-Contra scandal. At the same time, they publicly continued to stress their Islamist character, relying heavily on the development of a “martyrdom” culture to help justify the war’s toll. Thus, the first few years of the Iran-Iraq War demonstrate how the Iranian Islamists retreated from ideological positions and adopted realist policies when they perceived themselves to be at a power disadvantage, but grew ever more reliant on Islamism to buttress their domestic position.

Meanwhile, realizing that they would never be able to compete with Western adversaries in terms of conventional military capabilities, Iranian Islamists experimented with developing power using different means. Looking at the examples of international terrorism over the prior decade, and drawing from ties the Iranian revolutionaries had formed with Palestinian resistance groups in Lebanon during the 1970s, the Iranian foreign policy elites embraced a strategy of using low-intensity asymmetric warfare. However, cognizant of the international power hierarchy, Iran was careful to use proxies to carry out its strategy, insulating the Islamist regime from direct responsibility. This policy was dependent in part on Western restraint; however, the
Iranians saw the lack of Western retaliation for the U.S. Embassy seizure as evidence that there was space within which to act. Putting the idea to the test, Iran created Lebanese Hezbollah in 1982 from a variety of disparate Shia groups, then used it to carry out anti-Western operations while maintaining official deniability. Following the Muslim Brotherhood’s pioneering twin-track plan combining social outreach programs to earn community support and terrorist violence to influence stronger enemies, Iran helped Hezbollah quickly become the strongest Shia organization in Lebanon. The suicide bombing attacks on the U.S. Embassy in Beirut in April 1983 and the U.S. Marine barracks at the Beirut airport in October 1983 proved the strategy’s merit as the United States failed to retaliate and withdrew its forces from Lebanon in early 1984. Iran thus made good on its rhetoric to “export the Islamic revolution,” furthering its Islamist credentials not only domestically, but across the Middle East. Consequently, Iran began a thirty-year campaign of supporting terrorism as a key source of external power. Through its backing of Hezbollah, Hamas, Palestinian Islamic Jihad, and a variety of localized groups throughout the Middle East, Iran has been able to establish its claim as the leader of the “Islamic resistance” while avoiding the open warfare with the West that could spell the end of the Islamist regime. This has also included unofficial support for Shia militias in Iraq, anti-coalition groups in Afghanistan, and pro-Assad forces in Syria. Such activity has helped validate the idea within Iran that the regime acts for a greater purpose than secular politics. While this has aided regime stability in the face of poor governmental performance, it has also narrowed policy options by establishing domestic expectations as to proper “Islamic” behavior.

Even with the development of low-end asymmetric tools, the Islamists still understood the limits of their international power position, as revealed in the Iranian decision to end the Iran-Iraq war. The United States deployed additional naval forces to the Persian Gulf in the late
1980s to protect Kuwaiti oil tankers from Iranian attacks, resulting in skirmishes with Iranian forces engaged in mining the Gulf. Ultimately, when the *U.S.S. Samuel B. Roberts* was struck by a mine in 1988, the United States destroyed a key base for the mining operations, sank one of Iran’s four frigates, and disabled another.\(^{57}\) When the *U.S.S. Vincennes* mistakenly shot down an Iranian civil airliner in July 1988, Iranian elites interpreted it as an intentional escalation by the United States and decided to accept a ceasefire with Iraq. At the same time, divisions among the elites over continuing the war, an emerging split between the octogenarian Khomeini and his chosen successor, Ali Hussein Montazeri, and popular war weariness all contributed to concerns in Tehran over the regime’s health. In this context, the elites chose not to challenge the stark discrepancy in material power.

The Iran-Iraq War also influenced Iranian strategic thought in another major way. When Saddam Hussein used chemical weapons on Iranian forces, Iran complained bitterly that the international community failed to respond. As a result, with support from then-President Ali Khamenei, then-Speaker of the House Ali Hashemi Rafsanjani, and then-Prime Minister Mir Hussein Mousavi, Iran’s nuclear weapons program was born in the 1980s.\(^{58}\) By the late 1980s, the head of the IRGC explained to Khomeini that Iran would need to develop nuclear arms if it was to continue the war.\(^{59}\) Throughout the 1990s, Iran continued its work on developing a uranium enrichment capability. The public exposure of secret nuclear facilities in Iran in 2002, followed by the U.S. invasion of Iraq in 2003 led Iranian authorities to suspend the weapons program in 2003 according to an unclassified and highly controversial U.S. National Intelligence

---


Estimate (NIE). However, Iran has remained engaged in pursuing development of fissile material, insisting that such is intended for a civil nuclear program. Meanwhile, significant evidence has been provided by the International Atomic Energy Agency indicating that Iran has continued to pursue a nuclear weapons capability.

Expert opinions on Iran’s intentions vary widely as to whether Iran will build a nuclear weapon or content itself with a “virtual” arsenal; however, it is clear that the Iranian nuclear program is designed primarily to enhance Iran’s power. For Iranian regime elites, the lessons of Iraq, Libya, and North Korea have been instructive. After UN inspectors dismantled Iraq’s nuclear program in the 1990s and Western authorities negotiated Libya’s abandonment of its nuclear program in 2003, both regimes were ousted by Western force. Conversely, the North Korean regime has been left untouched as Pyongyang has prioritized its nuclear weapons program. Likewise, the United States has acquiesced to Pakistani support for anti-Western groups in the Afghanistan-Pakistan theater, in part due to fears that serious Western pressure could destabilize the Pakistani government, threatening positive control over its nuclear arsenal. Accordingly, Iran has complemented its low-end asymmetric tools with a high-end asymmetric threat designed to guarantee the regime’s survival, regardless of international non-proliferation norms.

3. The Post-Khomeini Era

After the Iran-Iraq war ended, Iran adopted a lower profile internationally. The death of the charismatic Khomeini left different factions competing for power within the regime. The

---

new President, Ali Hashemi Rafsanjani, looked inward to rebuild the economy after a decade of chaos, while the new Supreme Leader, Ali Khamenei, quietly looked to build his clerical base. When U.S. forces deployed to the region in 1990-91 to confront Saddam Hussein, the Iranians stayed in the background. During this period, the Islamists focused internally, with the exception of assassinations of Iranian dissidents in Europe and two terrorist attacks on Jewish targets in Argentina.

By 1996, having strengthened their internal position and now anxious for U.S. forces to leave the region, the Iranian Islamists sponsored the Khobar Towers attack killing nineteen American service-members in Saudi Arabia. Once again, other than an under-the-radar operation outing Iranian intelligence operatives, the United States failed to respond. However, just as the Iranian elites’ perception of their power was beginning to rise, Mohammad Khatami unexpectedly won the 1997 presidential election, creating divisions among the elites as to whether to adopt a more confrontational or more accommodating posture internationally. Thus divided, the Islamists’ domestic constraints prevented them from undertaking new aggressive foreign policy initiatives for the next few years.

However, during this period, the IRGC developed from a military force into an economic and political force in its own right. In addition, conservatives began to adopt changes to limit the reformists and cracked down on internal dissidents in unprecedented fashion, all in the name of Islam. Thus, the regime became even more dependent on an uncompromising religious identity.

4. The U.S. Wars in Afghanistan and Iraq

---

When U.S. forces came to Afghanistan in 2001, the Iranians offered to work with the Americans to eliminate the Taliban, with whom the Iranians had almost gone to war in 1998. At the same time, the Iranians worked to prevent a strong central government from emerging in Kabul, preferring a divided state that would permit enhanced Iranian influence in the Afghan-Iranian border region. When the United States came to Iraq in 2003 and quickly dispatched the Hussein regime, the Iranians felt their greatest threat. In May 2003, some elements in the regime, under cover of a Swiss cutout, apparently sought to open negotiations with the United States over a “grand bargain” aimed at restoring diplomatic ties. The initiative was never taken seriously in the United States, thus preventing the Iranian regime from facing a question that could threaten its very existence: how do you sell willingness to negotiate with “the Great Satan” when you claim to act in the name of God? The U.S. intelligence community asserts that the regime halted its nuclear weapons program in 2003 as well. Perceiving a clear hard-power threat, the Iranians reacted as realist theory would expect, retreating from incendiary conduct.

In contrast, as the United States became bogged down in the Iraqi insurgency in late 2003, the Iranian Islamists became increasingly confident in their own power. Domestically, the conservative Guardian Council disqualified over 3,500 candidates from running for parliament, resulting in a reformist boycott of the 2004 parliamentary election. Having thus swept parliament, the conservatives engineered the victory of Mahmoud Ahmadinejad in the 2005 presidential race, consolidating conservative control of the state institutions. Freed of reformist irritants and flush with windfall revenues from soaring world oil prices, conservatives increased Iranian aid to militias in Iraq, including training, arming, and funding. From 2004-2006, Iran operated with a free hand in both Iraq and Afghanistan, supporting Shia as well as Sunni groups.

---

that opposed the United States. In direct defiance of the International Atomic Energy Agency, one of Ahmadinejad’s first moves in office was to announce plans to move forward with Iran’s nuclear program, repudiating a suspension previously agreed to with European negotiators. By July 2006, Iran felt so emboldened as to permit Hezbollah to engage in a month-long war with Israel, declaring Islamist victory when Israel failed to commit the ground forces needed to accomplish Israeli war aims. While the late 2006 creation of a U.S. Special Operations Task Force charged with disrupting Iranian activity in Iraq caused the Iranians to tone down their direct participation, they nonetheless continued to attack U.S. forces through proxy groups until the withdrawal of American troops in 2011.64 Despite the conventional military superiority of the United States, the erasure of domestic constraints spurred the Iranians to adopt an aggressive anti-American policy using their low-end asymmetric capabilities.

5. The 2009 Presidential Election and the Arab Spring

The 2009 presidential election in Iran marked the next major turning point for the Islamists. Blatant rigging of the election brought out the largest domestic protests in the history of the regime. The government’s reliance on the IRGC’s Basijis to forcibly end the protests and the decision to place the reformist candidates under indefinite house arrest brought the political illegitimacy of the regime into the open. Fissures among the conservative elites emerged soon thereafter, pitting the old-guard clerical establishment against a younger, nationalist-infused branch of Islamists, led by Ahmadinejad. Meanwhile, the global recession resulted in lower than expected oil revenues for Iran, highlighting the government’s damaging populist economic

---

policies. With a variety of international economic sanctions levied against Iran for its nuclear policies, especially the oil sanctions of 2012, the Iranian currency went into freefall. Accordingly, the regime’s economic failure became clear. Moreover the refusal to comply with a series of UN Security Council resolutions, coupled with a 2011 UN General Assembly resolution condemning Iran’s human rights record, threatened to turn Iran into an international pariah. Left with nothing else, the regime escalated its Islamist foreign policy adventures in an effort to beat back the Arab Spring spirit sweeping the region.

Since 2011, Iran has increased its material support to Houthi rebels in Yemen, to Shias in Bahrain, and to Palestinian terrorist groups in Gaza. Two IRGC guardsmen were arrested and convicted of planning terrorist attacks on Western targets in Kenya. Iranian operatives were tied to terrorist attacks on Israelis in India and Georgia, and planned attacks in Thailand. Hezbollah was implicated in a bus bombing in Bulgaria that killed several Israeli vacationers, while a Hezbollah member was indicted for his role in a planned attack in Cyprus. A foiled IRGC plot to assassinate the Saudi Ambassador to the United States by hiring a Mexican drug cartel to bomb a restaurant in Washington, D.C. made international headlines. Iranian assistance, including both IRGC advisors and Hezbollah fighter, was sent to Syria to try to prop up the “resistance front.” Thus, at a time when the regime was under the greatest domestic political pressure since the revolution, when it was suffering economically, and when its international reputation was in shreds, the elites chose to meet the power arrayed against it by fighting back via terrorism.

Some might contend that this surge in Iranian terrorist activity is in retaliation for the sabotage and assassination campaign directed at Iran’s nuclear program. While this is undoubtedly a proximate cause, the root cause remains the regime’s need to promote its Islamist
identity. The purpose of the nuclear program is primarily to provide the clerical regime with a deterrent to external military threats so that Iran can continue its Islamist foreign policies. If Iran refrained from the aggressive support of terrorist groups, existential threats toward Israel, and attempts to subvert other regional powers, a nuclear deterrent would make little sense given the extraordinary costs attendant to violating the global non-proliferation norm.

VI. Conclusion

Realist theories of international politics expect cautious foreign policy behavior, based on respect for the balance of capabilities. Recognizing the central role of power, neoclassical realism explains why and when states might diverge from this generic expectation by looking at the influence of the domestic context on foreign policy choices. By applying neoclassical realism to Islamic Iran, we can better understand Iran’s unusual decisions. As a mid-level power on the global stage, unable to amass the material capabilities of larger wealthier states, but prevented from allying with a great power due to its domestic need to present an independent Islamist face, the Iranian government has faced a difficult situation. Regime legitimacy depends on aggressive, hostile policy toward the West, while regime survival depends on avoiding open war with the West. Thus, the domestic political needs of the regime have caused it to adopt the risky strategy of attempting to balance superior material capabilities with asymmetric means. In so doing, the national interests of Iran in working within the international order have been subordinated to regime interests in maintaining clerical authority.

Liberal theories of international relations might expect Iran to take advantage of the various incentives offered to draw it into the international community. However, neoclassical realism’s focus on the domestic context illuminates why promises to help integrate Iran into the
liberal international trading order in exchange for Iranian foreign policy adjustments have been rejected. Iranian elites fear that greater integration would result in introduction and adoption of Western values, threatening the Islamist regime with a “velvet revolution.” As Jennifer Sterling-Folker has pointed out, enhancing economic welfare may be rational for the state, but it is not a substitute for a national identity; for Iran’s elites, sustaining the regime via Islamism trumps profit. Using religion as the primary, and increasingly only, basis of regime legitimacy has narrowed the elites’ policy options. By claiming to represent God’s will, the regime has drastically limited its ability to compromise. Whereas secular governments are expected to engage in political deal-making, a Shia government cannot negotiate with a leader it describes as the Shia anti-hero “Yazid” or with a state it labels the “Great Satan” without undermining its claim to a divine mandate.

In accordance with the predictions of both realism and neoclassical realism about states that act contrary to power differentials, the Iranian state is suffering systemic punishment. This has become increasingly so as the government has abandoned its Westphalian responsibility to protect national interests in favor of protecting the narrower regime interest. While the Islamic Republic delayed an accounting for its risky behavior by attempting to balance via asymmetric tools, the pursuit and use of these tools pushed Iran further from the norms of acceptable international conduct. Now Iran is faced with a variety of UN sanctions, skepticism from the Sunni masses it courted earlier in the decade, and growing condemnation as an international

65 Cynics might note that greater international trade would also undercut the profitability of inefficient domestic monopolies controlled by regime elites as well as the lucrative black market dominated by the IRGC.
66 Jennifer Sterling-Folker, “Neoclassical Realism and Identity: Peril Despite Profit Across the Taiwan Strait,” in Neoclassical Realism, the State, and Foreign Policy, eds. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro (New York, NY: Cambridge Press, 2009), 108.
67 Khomeini often compared Saddam Hussein to Yazid, the 7th century Ummayad Caliph who defeated the son of Ali, Hussein, in battle at Karbala, establishing Hussein as a revered martyr in Shia lore and launching the sectarian Sunni-Shia split.
68 Rathbun, 317.
pariah. Domestically, the foreign policy of the Islamist regime has accelerated economic decline of the state, distanced the ruling elites from society, undermined political legitimacy, and decreased national security. As the state has been weakened, the regime finds itself under greater threat, resulting in a cycle of radical policies that exacerbate the state’s insecurity, leading to adoption of additional extremist policies. That the regime faces a no-win situation, with both external and domestic pressures threatening its survival, makes the regime’s pursuit of nuclear capability all the more dangerous.