

Accommodation Within Middle Eastern Strategic Rivalries:

Iranian Policy towards Saudi Arabia 1988 to 2005

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Abstract

This study will focus on Iran's policies of accommodation within its strategic rivalry with Saudi Arabia between 1988 and 2005. Although the two states continue to be rivals in the Persian Gulf, the Islamic world and within OPEC, Tehran has pursued a policy that has been intended to minimize conflict and reduce tensions. This study will attempt to explain why this policy was initiated and why it has taken particular forms. This time period covers two Iranian presidencies, the Kuwait crisis, September 11th and the invasions of Afghanistan and Iraq.

This study is significant because of the states involved. The Persian Gulf is one of the most volatile areas in the world, and Iran is in the center of events. However, this study is also important for theoretical reasons. First, the term accommodation is rarely used in a systematic way. This analysis will adopt the definition Lijphart developed in the context of Dutch consociational politics. Lijphart referred to accommodation as the "settlement of divisive issues and conflicts where only a minimal consensus exists". This is different from most of the international relations literature, which focuses on conflict resolution or rivalry termination. This study argues that Iran's policies toward Saudi Arabia are better understood as rivalry management and therefore involve different dynamics and require a different approach to providing a causal explanation. Second, this research is significant because it recognizes that there may be important differences between the states in rivalry dyads. States like Iran, which will be referred to as regional challengers, are involved in rivalries with the US allies, and therefore face a different set of pressures/constraints than do their adversaries. Third, this study is important because it

examines accommodation in the developing world rather than between great powers. Therefore, it considers the impact of political and economic development on rivalry behavior. Finally, this research is significant because of the methodology being employed. The framework of analysis being used not only takes into account different levels of analysis, but also different types of causal relationship. Therefore it provides for a holist explanation that integrates different arguments from the literature.

Résumé

Cette mémoire a comme focus les politiques d'accommodation que l'Iran a poursuivies vers l'Arabie saoudite entre 1988 et 2005. Tandis que les deux états ont continué leur rivalité dans le Golfe Persique, le monde islamique et l'OPEP, Téhéran a tenté de minimiser les conflits et réduire les tensions. On essaye d'expliquer l'initiation de cette politique et les formes qu'elle a prises. La durée examinée ici inclut deux présidences iraniennes, la crise du Kuwait, les attaques de l'onze septembre 2001, et les guerres de l'Afghanistan et l'Irak.

Cette étude est de grande portée à conséquence de l'identité des deux états impliqués. Le Golfe Persique est l'un des lieux les plus volatils du monde, et l'Iran se trouve toujours au sein des relations internationales de cette région. De plus, cet œuvre est important dans le cadre de théorie. D'abord, le mot *accommodation* n'est utilisé que rarement dans une manière systématique. Par contre, cette mémoire emploie la définition introduite par Lijphart dans le contexte de la politique interne néerlandaise. Selon Lijphart, l'accommodation est « la résolution des problèmes controversées et des conflits dont il n'y existe qu'un consensus minime ». Cette proposition est distinct de la plupart de la littérature sur les relations internationales, qui porte attention plutôt sur la terminaison des rivalités. Par contre, cette étude soutient que les politiques de l'Iran par rapport à l'Arabie saoudite agissaient plutôt comme la *gestion* d'une rivalité. De ce fait, elles avaient des dynamiques différentes de celles entendues d'habitude, et ont besoin d'une analyse différente aussi. Deuxièmement, cet œuvre accepte qu'il y ait souvent d'importantes divergences entre les deux côtés d'une rivalité internationale. Les états

comme l'Iran, nommés ici *provocateurs internationaux*, sont rivaux des alliés des États-Unis, et donc rencontrent pressions et contraintes différents de celles rencontrées par leurs adversaires. En troisième lieu, cette étude se distingue des autres analyses de la rivalité en examinant l'accommodation dans le tiers monde et non entre les grandes puissances. Alors, elle considère l'impacte du développement politique et économique sur les actions des états rivaux. Finalement, cette mémoire est importante à cause de la méthode qu'elle poursuit. En utilisant plusieurs niveaux d'analyse et différents types de relation causative, elle offre une explication holiste qui intègre plusieurs opinions de la littérature.

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Introduction

This study will focus on Iranian policies of accommodation within its strategic rivalry with Saudi Arabia between 1988 and 2005. Although there were several disputes during this period, and there continued to be serious differences in interest between the two states, the Islamic Republic of Iran maintained a policy that was intended to minimize conflict and reduce tensions. This case was part of a larger trend in the region toward what Benjamin Miller referred to as a “Cold Peace”¹. This thesis will address two key questions that emerge from this case: First, why did Iran change its policy from a confrontational strategy to one of accommodation? Second, what explains the way Iran pursued that accommodation.

Because of the attention that Iran and the Persian Gulf receive, this study is obviously significant due to the case involved. However, it is also significant for theoretical reasons. Accommodation has not been studied systematically as a policy within rivalries. The term has been used loosely, without being clearly conceptualized, or operationalized. This study not only addresses these definitional issues, it examines why particular patterns of accommodation emerge.

This thesis is also significant because it disaggregates the rivalry dyad. Rather than approaching the rivalry from the dyadic level of analysis, it will focus on one side of the dyad and on a particular type of state, which will be referred to here as a regional

¹ Benjamin Miller, “Explaining Variations in Regional Peace: Three Strategies for Peace-Making,” *Cooperation and Conflict* vol. 35 (2) (2000): 158. See also: Benjamin Miller, “Between War and Peace: Systemic Effects and Regional Transitions from the Cold,” *Security Studies* vol. 11, no. 1 (Autumn 2001): 1-52.

challenger. The Iranian case being examined here was part of a larger trend that emerged in the Middle East during the 1990s. Accommodation was pursued not only by Iran vis-à-vis Saudi Arabia, but also by Syria and the Palestinians vis-à-vis Israel. Even Jordan was able to take the final steps during this period and formally end its rivalry with Israel through a peace treaty. In each of these cases the dyads were asymmetric. Iran, Syria, the Palestinians and Jordan each faced not only a stronger opponent, but an opponent that was backed by the sole remaining superpower in the International system, the United States. Despite their many differences, they all occupied the same position on a strategic triangle made up of themselves, their regional rival, and the US. This makes them members of a separate category of actor; a category that will be referred to here as ‘regional challengers’. Disarticulating dyads in this manner is an important step forward and will allow for better focused comparative studies.

This study also fills a gap in the literature because it places rivalry behavior and accommodation within the context of developing world. It will therefore examine how security concerns particular to developing states impact rivalry behavior. These include the problems of state building, economic development and economic dependence. Because the study will take place in the context of the Middle East, transnational political forces such as political Islam and to a lesser extent pan-Arabism will also be factored into the analysis. Although political Islam and state building do figure prominently in the Iranian case, this study suggests that the Islamic Republic has acted much like a “normal” state within the context of its rivalry with Saudi Arabia. Since 1988, ideological goals have been tempered by caution, realist security concerns have dominated, and the regime

has significantly improved its command and control over the implementation of foreign policy.

Finally, the analysis to follow is also significant because of the methodology that will be employed. The framework of analysis will not only include explanatory factors from different levels of analysis, it will organize them in terms of their causal role. This second dimension to the framework is important because the decision to pursue accommodation appears to be over determined. A number of factors have been implicated in studies of conflict resolution/rivalry termination. It is therefore insufficient to simply ask which factors are more important than others. It is also necessary to examine how the various factors interact to produce particular outcomes. This can be achieved by categorizing causal factors in terms of the different ways in which they may shape behavior. Whereas traditional models of causality have been limited to stimulus and response, the position being taken here is that behavior is also shaped by motivating factors (goals and values) and permissive factors (opportunities and constraints)².

There are several advantages to this approach. First of all, it provides a holistic explanation that takes into account interaction effects. A particular causal factor, such as a change in the balance of power, may act as a stimulus for policy change. However, that alone does not explain what direction the change will take. It could as easily be escalation as it is accommodation. We need to understand what other factors are combining with the stimulus if we want to properly understand the causal chain behind a given policy outcome. In the Iranian case, it will be argued that Tehran initiated accommodation in response to a serious decline in its regional political/military position. That stimulus,

however, only led to accommodation because a more pragmatic set of policy goals had emerged among decision makers, and because there were a variety of domestic and regional constraints on escalation. Categorizing potential variables in terms of stimulus, permissive and motivating causality makes it possible to examine these interactions in a systematic way. Secondly, this framework also makes it easier to organize different arguments into competing and complementary hypotheses. For instance, the rivalry literature can be divided roughly between theories that suggest behavior will change because of shocks (abrupt changes in the environment) or because evolution (slow, incremental change)³. The results of this study will suggest that these two approaches should be seen as complementary rather than competing. The stimuli for Iranian policy changes emerged in the forms of shocks. However, the permissive and motivating factors that shaped the response to those shocks had evolved slowly over time.

In the remaining pages, this chapter will examine the key concepts in this study; accommodation, regional challengers, and strategic rivalries. It will also discuss the research methodology and the organization of the chapters to follow.

Accommodation: Between Conflict and Cooperation

Accommodation is a term that is used frequently, but rarely defined. Indeed, writing in 1976, Brian Barry argued that the term is often used to “introduce deliberate vagueness about the form and content of any possible agreement”⁴. Tellingly, although

² See Paul C. Noble, “Systemic Factors Do Matter, But... Reflections On The Uses And Limitations of Systemic Analysis,” in *Persistent Permeability? Regionalism, Localism, and Globalization in the Middle East*, ed. Basil Salloukh and Rex Brynen (London: Ashgate, 2004), 35.

³ See Gary Goertz and Paul F. Diehl, “The Initiation and Termination of Enduring Rivalries: The Impact of Political Shocks,” *American Journal of Political Science* vol. 39, no. 1 (February 1995): 30-52.

⁴ Brian Barry, “Political Accommodation and Consociational Democracy” *British Journal of Political Science* vol. 5, no. 4 (October 1975): 477.

Barry was examining the term in the context of the western European literature on consociational politics, he remarked on the frequency with which it was put to this use in the context of the Arab-Israeli conflict. The vagueness of the term allowed observers to “speculate” about the parties seeking an accommodation without providing details on what that might entail⁵.

The term is used most systematically in the context of consociational politics. Lijphart refers to the politics of accommodation as the “settlement of divisive issues and conflicts where only a minimal consensus exists”⁶. According to Lijphart, who developed his ideas based on the example of Dutch consociationalism, the key elements of this conception are: First, the absence of a comprehensive political consensus, although not a complete and total lack of consensus between the parties. Second, the leadership must be convinced of the desirability of preserving the system. Third, the leadership must be willing and able to solve disputes in a largely non-consensual context⁷.

The literature on consociational politics, of course, focuses on the domestic level and the compromises are between various sub-national groups (self-contained blocs) vying for control over the state. Lijphart’s conceptualization of the term, however, can be applied to international relations as well. Rather than self-contained blocs seeking to preserve the political cohesion of the state despite only a minimal level of political consensus, it is states trying to achieve a degree of peace or stability despite the continuing presence of serious disputes and/or conflicts of interest.

⁵ Ibid., 478.

⁶ Ibid., 479. See also: Arend Lijphart, *The Politics of Accommodation: Pluralism and Democracy in the Netherlands* (Berkeley 1968).

⁷ Barry, “Political Accommodation and Consociational Democracy,” 479.

The concept also needs to be adjusted to fit the demands of studying foreign policy. The consociational literature discusses accommodation in bilateral or multilateral terms. The politics of accommodation involve two or more parties trying to manage their differences together. Similarly, to the extent that the literature on rivalries deals with accommodation, the unit of analysis is the dyad. The unit of analysis in the comparative study of foreign policy, however, is the individual state. There are strengths and weaknesses to a unit level approach such as this. On the minus side, it does not account well for the behavior of the other side of the dyad. In the case being examined here, that means there will be relatively little discussion of the factors driving Saudi Arabia's policies, or for that matter, those of the United States. Since a stable accommodation takes two, at least, this study will be limited in terms of explaining the overall success of Iranian-Saudi accommodation. On the positive side though, the unit level approach allows for a more thorough examination of the types of policies a state may employ and its particular reasons for choosing them. In some cases, studies focusing on the dyadic level, such as Diehl and Goertz's, treat policies as the independent variables rather than dependent variables. While they examine the impact of various conflict management strategies, they do not ask why one was chosen and not another. A state level approach allows us to examine such questions.

Taking the state as the unit of analysis is useful also because it is important to recognize that rivalry or conflict dyads are not necessarily symmetrical. There may be important differences between the two sides, differences that influence the way they act. This in fact, is a key element to this study. Regional challengers operate in a different environment from their rivals by virtue of their differing relationship with the United

States. They occupy a different corner of what is an asymmetrical strategic triangle, composed of themselves, the United States, and their rival, an American ally. A regional challenger such as Iran can therefore not be expected to act exactly like its rival, Saudi Arabia, or for that matter, a state in a different type of rivalry. Studying accommodation from a bilateral perspective would miss such distinctions.

Studied from the perspective of comparative foreign policy, accommodation within a strategic rivalry can be understood as a significant yet limited change in policy direction. According to Charles Herman foreign policy change can be divided into four analytically distinct categories. 'Adjustment changes' involve alterations in the level of effort or in the scope of a given policy. The means and ends, however, remain the same. Changes that address the means or ends of foreign policy can be referred to as 'program changes' or 'problem/goal changes', respectively. Finally, 'international orientation changes' involve a fundamental reorientation in the direction of a state's foreign policy⁸.

Accommodation can be considered in terms of this typology. Although the regional challenger may continue to have interests or goals that are incompatible with those of its rival, they may change the way they pursue them. Policies can also be limited in their intensity or scope (adjustment changes) so as to reduce conflict or friction. Similarly, coercion may be replaced with diplomacy and negotiation (program changes). As accommodation deepens, it may develop into problem or goal change, wherein some adjustments are made to the actual goals of foreign policy. The regional challenger may decide that some interests need to be sacrificed or compromised in order to avoid conflict in the larger relationship. Finally, the most comprehensive type of accommodation would

⁸ Charles F. Herman, "Changing Course: When Governments Choose to Redirect Foreign Policy," *International Studies Quarterly* no. 34 (1990): 5.

involve a change in international orientation. This would require a fundamental reinterpretation of interests.

These four types of change can be grouped in pairs. Accommodation based on adjustment or program change involves maintaining the same political interests and goals, but modifying the means by which they are pursued. Since they involve how states act they will be referred to in this study as behavioral accommodation. Accommodation based on problem/goal change, or change in international orientation involves what states want and how they define their goals. Changes in this respect will be referred to as substantive accommodation. They involve realigning interests so that they are closer to a consensus point with their adversary. If comprehensive enough, this may lead to the emergence of what the consociational literature describes a consensus. To the extent that this is achieved, it is possible to talk of conflict resolution or rivalry termination. However, it is also possible that substantive accommodation may be present, but not touch every aspect of the rivalry. Even if there is a change in international orientation, certain interests may continue to be at odds and a consensus may continue to prove elusive. Under such circumstances, the relationship and the policies involved would still have to be described in terms of accommodation, even if they turned out to be stable and long lived.

Used in this way, accommodation represents a particular type of conflict or rivalry management and needs to be distinguished from other common terms in the international relations literature, such as *détente*, cooperation, and conflict resolution/rivalry termination⁹. Conflict management may take a number of forms. In addition to

⁹ Gordon A. Craig and Alexander L. George, *Force and Statecraft: Diplomatic Problems of Our Time* (New York: Oxford University Press, 1983), 239.

accommodation, these may include crisis management or efforts to manage military conflict. Despite their differences, they all share in common an effort to avoid or minimize conflict. Accommodation is simply one specific sub-type of the larger group. At first glance, the concept of accommodation appears similar to the term *détente*, which according to Craig and George, means a “relaxing of tensions”¹⁰. Like accommodation, the term *détente* has also often been used in a loose and imprecise way. In classic diplomatic language, however, *détente* is only one step in a larger process. The next step is *rapprochement*, in which the parties signal a willingness to negotiate agreement. In the third step, *entente*, the two sides recognize limited areas of agreement and common interest. Finally, if the two sides have enough in common, they may form an alliance. Failing that, their relationship becomes one of appeasement, where they remove the underlying causes of conflict from their relationship¹¹. Rather than simply meaning *détente*, accommodation refers to the entire process up to and including appeasement, but not alliance. *Détente* and *rapprochement* would involve behavioral accommodation, while *entente* and appeasement would require different levels of substantive accommodation.

The types of policies being referred to here as accommodation are also sometimes referred to as cooperation. This is not entirely incorrect, but it is far too imprecise and in some ways misleading. Simply put, accommodation involves an effort to avoid conflict, reduce tensions and in the best case scenario, resolve some differences. Cooperation on the other hand involves the pursuit of shared interests or mutual gains. While a cooperative relationship involves some elements of a partnership, states in an accommodative relationship have their own interests which they pursue separately.

¹⁰ Ibid., 240-241.

¹¹ Ibid., 240-241.

Indeed, the defining feature of accommodation is that the interests of the parties remain in conflict. Also, the term cooperation suggests a degree of conscious coordination that may not be present in accommodation. As will be discussed in later pages, accommodation may involve uncoordinated or even unilateral policies. At best, accommodation represents a narrow subcategory within the area of cooperation. Reducing conflict represents the absolute minimum definition of shared interests. Accommodation should therefore not be used interchangeably with cooperation and deserves to be studied as specific type of foreign policy.

Finally, accommodation also differs from the terms conflict resolution and rivalry termination¹². Both of these terms suggest that the parties fully resolve their disputes and differences. The approach taken to rivalries in this study is based on interests and the perception of hostility rather than just behavior. Therefore, rivalry termination is being considered here not simply as a prolonged period without disputes. Full rivalry termination will involve reaching a consensus on divisive issues. Accommodation, on the other hand, involves avoiding disputes and managing issues in the absence of consensus. Looked at from this perspective, accommodation occupies an intermediary position between the “hot” pursuit of a rivalry, and rivalry termination. Rivalry termination, in effect, starts where accommodation ends.

Looked at from this perspective, accommodation represents an intermediary stage in the rivalry. It may be the first step towards rivalry termination, but not necessarily. Conflict may reemerge or accommodation may turn out to be a stable end in itself. The

¹² The two terms are similar in many ways, but not identical. Conflict resolution may involve the end of a short, acute clash that is essentially an isolated incident. Rivalries, on the other hand, usually involve long term competition; the dynamics are therefore likely to be different. Various definitions of rivalries and

differences between the parties may be too deep, or too numerous to fully resolve. As will be discussed further in later pages, the literature on strategic rivalries, suggests that such relationships often involve multiple sources of competition and friction. In some cases, accommodation may involve resolving one or more of these issues, but not all of them. The parties may reach a stable *modus vivendi* however, by mixing and matching behavioral and substantive accommodation. Where substantive accommodation is elusive, behavioral policies can be used to fill the gaps.

The terms accommodation and rivalry termination cannot therefore be used interchangeably and they need to be studied as separate phenomena. Since managing a rivalry and ending a rivalry are different types of policies, there may be different reasons for why they begin and there may be different reasons for why they succeed or fail. Furthermore, if they do represent different stages in a larger process, identifying and understanding the dynamics of accommodation may be extremely helpful in the study of rivalry termination. Ultimately, what happens during the accommodation period may play an important role in determining the potential for termination. At the very least, identifying the difference between rivalry termination and accommodation will help those studying rivalry termination focus in the right cases.

Strategic Rivalries

There are numerous definitions for the concept of rivalry. Although different authors choose to emphasize different criteria, they all argue that the political dynamics within rivalries make them particularly conflict prone and that rivalries account for a

conflict will be discussed below in greater detail. The two terms are being used here together because both need to be distinguished from accommodation for similar reasons.

disproportionate amount of warfare in the international system. Thompson's definition of strategic rivalries is being used in this study because it fits well with the specific nature of Middle Eastern rivalries and because its inclusion of perceptions and interests is more compatible with the concept of accommodation than a definition based simply on military behavior. Thompson defines a strategic rivalry in the following way. The states involved see each other "as (a) competitors, (b) the source of actual or latent threats that pose the possibility of becoming militarized, and (c) enemies"¹³. Other attempts to categorize rivalries and conflicts have emphasized the duration of the adversarial relationship as well as the frequency of militarized disputes¹⁴. Depending on one's argument and methodology, different definitions have different advantages. The behavioral definitions are relatively straight forward and lend themselves to 'large N', quantitative studies. However, Thompson argues that the political dynamics that distinguish rivalry dyads from non-rivalry dyads may actually begin well before the first shot is fired and may last for a substantial time after the last military engagement¹⁵. Behavioral definitions misrepresent these cases. Focusing on militarization may also eliminate cases that are intuitively understood to be rivalries. In the Middle East in particular, there are relationships that have not deteriorated into open warfare, but have nevertheless been characterized by mistrust, competition and perceived enmity. Iran and Saudi Arabia is one such case. Although they did not engage in direct military conflict, both sides perceived the other to be a threat to their own political survival. Moreover, they also engaged in

¹³ William R. Thompson, "Principle Rivalries," *Journal of Conflict Resolution* vol. 39, no. 2 (June 1995): 204.

¹⁴ For a discussion of the literature see: Gary Goertz and Paul F. Diehl, "The Initiation and Termination of Enduring Rivalries: The Impact of Political Shocks," *American Journal of Political Science* vol. 39, issue 1 (February 1995): 33-34. See also: William R. Thompson, "Identifying Rivals and Rivalries in World Politics," *International Studies Quarterly* 45 (2001): 557-586.

political and economic warfare. While this may seem like a secondary form of conflict, in the developing world where states are still in the process of consolidation, this type of behavior can be just as threatening as an actual military attack. In the 1980s, Iran spread inflammatory rhetoric and incited opposition movements within Saudi Arabia. The Saudis, for their part, backed Iraq in its eight-year war with Iran and appeared to use their position in OPEC to pressure the Iranian economy¹⁶. Moreover, while they did not actually go to war, the nature of their relationship put them at a much higher risk of militarized conflict and there were instances when they came quite close to actual combat¹⁷. During this period the two states clearly perceived each other to be enemies and acted accordingly.

Rather than overt behavior, approaches such as Thompson's emphasize competing interests and the perception of threat. Thompson refers to this as a perceptual perspective¹⁸. It is appropriate for this study because it allows for a consistent approach to the different phases of a rivalry; acute competition, accommodation and rivalry termination. The acute phase is defined not simply by the behavior, but by the conflicting interests that underlie it, whether it takes the form of military or some other form of conflict. Accommodation, as discussed above, involves an effort to limit conflict despite the persistence of conflicting interests. Finally, rivalry termination refers to one or both

¹⁵ D. Scott Bennett, "Measuring Rivalry Termination, 1816-1992," *Journal of Conflict Resolution* vol. 41, no.2 (April 1997): 230.

¹⁶ The details of the Iranian-Saudi rivalry will be discussed at length later in this thesis. However, for a good descriptive overview of the relationship, see: Henner Furtig, "Iran's Rivalry with Saudi Arabia Between the Gulf Wars," (Reading: Ithaca Press, 2002).

¹⁷ Outside of this study's purposes, Thompson also argues that the preoccupation with militarized conflicts distorts our measurement of enduring rivalries. States may perceive of each other as enemies well before the situation becomes militarized. Similarly, the perception of enmity may continue for some time after the last shot has been fired. By overemphasizing the importance of actual combat, the duration of rivalries may be misinterpreted. Or, rivalries that have yet to be militarized may be missed altogether. See: William R.

sides redefining the interests in question so that they are compatible. Taking a behavioral approach would lead to a serious disconnect between the way the first phase and the second and third phases are conceptualized. Torn between discussions of behavior and interest, the analysis would end up comparing apples to oranges.

Regional Challengers and Accommodation in the Middle East

While this study will focus on the Islamic Republic of Iran, it is important to remember that it is one of a larger category of states. The states have been identified here as regional challengers because they are, or have been engaged in strategic rivalries as defined above. They have also been categorized as regional challengers because those rivalries pit them against regional allies of the United States, the sole remaining global superpower. In the Middle East there are a number of states that fit this description, and while they are few in number, they are important players in regional politics. In the Persian Gulf, Iran fits this description. Iran and Saudi Arabia have competed for influence in the Persian Gulf and for leadership in the Islamic world. They have also competed in OPEC to influence the oil cartel's production strategy. Since the Islamic Revolution, the two states have also perceived of each other as ideological threats and enemies. In the Arab-Israeli sphere, Syria is the most obvious example. They have competed for the control of territory and influence in the Levant. It goes without saying that view each other as an enemy and a potential threat¹⁹.

Thompson, "Identifying Rivals and Rivalries in World Politics" *International Studies Quarterly* 45 (2001). 566.

¹⁸ Ibid., 562.

¹⁹ Thompson scores the Syrian-Israeli relationship as a rivalry since 1948. Ibid., 572.

The Palestinians also need to be considered as regional challengers. While they lack a formal state and territorial independence, in the 1990s the PLO provided them with independent decision making and representation. The PLO was accepted by the majority of the Palestinian community, the Arab world, and to a significant extent the United Nations, which granted them observer status. The PLO's military capacity was not on a par with that of a standard territorial state, but it had the ability to maintain a painful low intensity conflict over a period of more than 20 years. Since Thompson's definition of a strategic rivalry allows for asymmetry in power and capabilities, this should not be a limiting factor²⁰. Although any comparison between the PLO and a regular state must be made with great caution, their relationship with Israel fits the pattern described by Thompson. They have perceived each other as enemies and a source of threat. Given the asymmetry between them, it may be difficult to think of them as competitors. However, they competed for control over the West Bank and Gaza strip, and almost as importantly, they had competing historical narratives and claims for political legitimacy. Within the context of Middle Eastern politics, they are important enough as an international actor in the Middle East that it would do more analytical damage to exclude them from this discussion than it would to include them.

Jordan also occupies a place in this group, but on the periphery. There was already a significant degree of accommodation within their relationship prior to the 1990s. In fact, before the Madrid Peace talks and the start of the Oslo process, Jordan and Israel were already described as 'the best of enemies'. In the 1940s however, the Jordanians saw themselves as a regional power, due in part to the regime's Hashemite legacy and the quality of their military training and equipment. After the 1948 war, Jordan annexed the

²⁰ Ibid., 574.

West Bank and considered it part of Jordanian territory. After the 1967 war, when Jordan lost the West Bank, it still considered the area Jordanian territory under Israeli occupation. Over time though, Jordan began to redefine its interests and its role perception. By the late 1980s, Jordan no longer perceived it self to be a regional power and had given up its claim on the West Bank²¹. Nevertheless, Jordan and Israel remained formally at war and they were not able to take the final steps toward terminating their rivalry until the 1990s –the same time as the other states being discussed here began moving in the same direction.

There are two other Middle Eastern states that do not fall precisely into the group described above, but bear some consideration. First, Egypt can be considered the historical forefather of the contemporary regional challenger. While Cairo signed a peace deal with Israel (1979) well before the time period in question, there are aspects of the Egyptian situation that parallel those of Iran, Syria and the Palestinians. For instance, even after the Camp David Peace Treaty their relationship remains a cold peace based more on accommodation than cooperation. Also, while the Cold War was still in progress, Egypt's relationship with the USSR had essentially been exhausted by the time it began peace talks. The Egyptian case will not be specifically explored in this thesis but it will be referred back to over the course of the discussion for the purposes of comparison and theory building. On the other end of the spectrum, Iraq also fit the profile of regional challenger during the 1990s. According to Thompson's classification, Iraq was engaged in strategic rivalries with multiple US allies during the 1990s (Kuwait, Israel and Saudi

²¹ Jordan gave up its claim on the West Bank in 1988. See: Rex Brynen, "The Politics of Monarchical Liberalism: Jordan," in *Political Liberalization and Democratization in the Arab World (Volume 2): Comparative Experiences*, ed. Bahgat Korany, Rex Brynen and Paul Noble (Boulder: Lynne Rienner Publishers, 1998), 75.

Arabia)²². However, instead of seeking an accommodation in one or more of these rivalries, it maintained a hostile, competitive posture in all of them. Again, the Iraqi case will not be explored specifically here, but some of the conclusions offered here may prove useful in understanding the hard-line policies of Saddam Hussein²³.

Finally, one could extend the concept of regional challengers to include states outside of the Middle East who are pitted against American-backed rivals. In Asia, China would fit on the basis of its strategic rivalry with Taiwan. Similarly, North Korea could also be included due to its rivalry with South Korea. Although these cases will not be addressed in this study is worth noting that they exist and that the findings of this study may have implications for cases outside of the Middle East.

There is significant variation from one regional challenger to the next, both in terms of the state itself and the issues involved in their rivalries. Nevertheless, regional challengers seem to represent a coherent class of actors because of the way their regional rivalries position them in the international system. The regional challengers discussed above have different regime types, and different economic and demographic characteristics. They also differ in terms of their relationships within the rivalry. There have been different levels of militarized violence, there are different types of issues being contended, and there are different degrees of animosity toward the United States. There are also different levels of asymmetry in the rivalries. In each case the regional challenger is the weaker party, but some are weaker in relative terms than others. Nevertheless, regional challengers have all been vulnerable to American economic, diplomatic and even

²² Thompson, "Identifying Rivals and Rivalries in World Politics," 572-573.

²³ Libya may be seen as a third related case. However, while Libya's financial and rhetorical opposition to Israel does also bear some consideration, it has never been front line state in the Arab-Israeli conflict.

military punishment. Their regional rivals have also enjoyed a virtually insurmountable advantage in terms of superpower support (economic, military and diplomatic). And finally, the United States has offered a variety of incentives to regional challengers if they would abandon or modify their demands vis-à-vis their regional allies. Therefore, while there are differences between them, regional challengers face a common set of pressures, constraints and opportunities.

As discussed above, accommodation began in the Iranian case in October of 1988, after the war with Iraq had drawn to a close. At approximately the same time, the other regional challengers began pursuing accommodation, or in the Jordanian case, expanding it significantly. Although accommodation may have been conceived of as the first step towards rivalry termination and a final lasting peace, the differences between the parties were extremely deep and unlikely to be fully resolved even if they had succeeded in signing final peace deals. For instance, accepting the formula of “land for peace” in the Arab-Israeli negotiations was an essential step in the process, but the term hid a great deal of the complexity involved in the issues. How much land for how much peace, how quickly and under what conditions all remained critical questions on which the parties could not agree. On the Palestinian track, land was but one of three major sets of issues, along with Jerusalem and refugees. Even in regard to land, there were serious questions about issues such as border security, foreign relations and militarization. Beneath all of this were differences over national identity and historical narratives, which were less tangible, but no less important. They may have agreed that a compromise solution was worth making sacrifices for, but the Palestinians and the Israelis were not going to see

Moreover, according to Thompson the relationship between Libya and Israel does not represent an example of a strategic rivalry. Therefore Libya is probably best not included in this discussion.

eye-to-eye on many of these issues in the foreseeable future. The best they could hope to achieve would be to agree on where to split the differences.

The Syrian track was simpler relative to the Palestinian negotiations, but remained complex. There were questions over border demarcation, border security, and Syrian militarization. As was the case on the Palestinian track, there were also issues of national identity and historical narratives. Additionally though, Syria and Israel both also saw themselves as regional powers. Therefore, they also competed for regional influence. For Israel, regional influence was a prerequisite for national security. For the Syrians, it was a function of their historical experience at the heart of the Arab world, as well as a center of power during the Ottoman Empire. The historical idea of a Greater Syria led Damascus to consider Jordan, Lebanon and Palestine as parts of their sphere of influence. Settling with the Israelis would therefore mean reaching an accommodation on these positional issues as well.

Of the three, the Jordanian track was the most ready for real rivalry termination. Indeed, after the 1994 agreement was signed, Thompson scored the rivalry as over²⁴. Once the peace processes were opened on the Syrian and Palestinian tracks, Amman felt secure in signing a peace deal with Israel which ended the state of war. Nevertheless, the ultimate failure of those processes left Jordan in a somewhat conflicted position. Amman has interests in common with the Israelis and they cooperate on security and intelligence. However, the ongoing violence between Israel and the Palestinians leaves a large unresolved dispute between them, if only because of the sentiments of the large Palestinian population within Jordan. Accommodation therefore remains an important part of their relationship, even with a peace treaty in hand.

Accepting “land for peace” therefore represented, as Lijphart put it, a minimal consensus. Underlying this consensus was an understanding that none of the parties was going to disappear or be totally defeated and that some type of settlement was preferable to the continued state of war. Beyond this, the parties would have to agree to disagree and then manage their remaining differences. In the Persian Gulf, both the Saudis and the Iranians were coming to a similar set of conclusions. Despite a host of serious differences, the two sides were slowly accepting the idea that they would have to co-exist with one another and that something had to be done to limit the intensity of their rivalry. The details of Iran’s approach to accommodation will be examined in detail in the pages to follow.

The Iranian case has been chosen among the other examples for several reasons. In part, the reasons are theory driven, and in part they are based on the importance of the particular case. As discussed above, the Islamic Republic of Iran is embroiled in some of the world’s most intense political controversies. It is deeply involved in the political reconstructions of Iraq and Afghanistan. It is also an important player in Lebanon and to a lesser degree in the Palestinian-Israeli conflict. Iran’s pursuit of nuclear technology has also intensified the hostility between Tehran and Washington, to the point where rumors of an invasion have become inescapable. Among the regional challengers, Iran is also theoretically interesting because of the variations in dynamics. Iranian policy toward Saudi Arabia was characterized by a degree of accommodation throughout the 1990s, but there were significant changes in the consistency and depth of that accommodation. Perhaps most importantly, Iranian accommodation also achieved a greater degree of

²⁴ Thompson, “Identifying Rivals and Rivalries in World Politics,” 572.

stability than any of the other cases save Jordan. This variation will allow for interesting comparisons across different time periods within the one case.

In addition, the other cases have analytical drawbacks. The Palestinians, as noted above, lack a proper state, and are therefore probably not the best example of a regional challenger to begin with. Jordan's relationship with Israel was less adversarial than the other states; therefore it would be difficult to draw any wider conclusions. The Syrian case is perhaps the most similar to that of Iran. Both states are well established and their rivalries quite intense. Like Iran, Syria is also a regional power and its rivalry involves an important positional component. However, Syrian accommodation never enjoyed the same type of long term stability that was achieved in the Iranian case. Through the 1990s, periods of accommodation were punctuated by periods of escalation, and the process came to a finite end in 2000.

Explaining Accommodation in Middle Eastern Strategic Rivalries

As discussed above, the international relations literature has not systematically studied the question of accommodation. Some parts of the literature touch upon the decision to begin accommodation through the analysis of conflict resolution and/or rivalry termination. The substance of accommodation, however, has at best only been discussed in the loosest terms. This thesis therefore has two tasks. The first is to apply the conflict resolution/rivalry termination literature to the initiation of accommodation in the Iranian case. The second is to map out the contours of accommodation as a policy within a strategic rivalry and then analyze the factors that shaped the dynamics of its implementation in the Iranian case. The methodology for this study will be a single case

study. However, the study will be theoretically informed and organized around a framework analysis that takes into account different levels of analysis and different types of causal arguments. Moreover, while this study will not be a fully developed structured, focused comparison, the findings will be compared to preliminary observations from other cases in the conclusion²⁵. In addition to secondary sources, it will draw up on primary sources such as the Foreign Broadcast Information Service and field interviews conducted in Tehran in November and December of 2001.

As noted above, the conflict resolution/rivalry termination literature provides an entry point for this study, particularly in respect to the initiation of accommodation. However, to complete the tasks as set out above, it will be necessary make a number of modifications. First of all, because accommodation has been understudied, new theories will have to be offered to explain variations in its dynamics; that is, the way it is implemented. The existing literature will likely be helpful in this respect. Many of the factors implicated in the initiation of accommodation are likely to continue to be influential in terms of dynamics as well. Those theories, however, will have adjusted or “reverse engineered” to fit a new context.

The literature will also have to be contextualized to fit the particular conditions of regional challengers in the Middle East. Within the conflict resolution/rivalry literature, there are numerous debates about the relative importance of particular explanatory factors as well as the ways in which they interact. For instance, several studies have emphasized the importance of subjective factors such as personality traits and perceptions and

²⁵ Alexander L. George, “Case Studies and Theory Development: The Method of Structured, Focused Comparison,” in *Diplomatic History: New Approaches*, ed. Paul Gordon Lauren (New York: Free Press, 1979), 43-68.

learning²⁶. Others have looked to the ‘objective’ environment and have emphasized the importance of factors at different levels of analysis. Conditions within the bilateral level - that is, within the conflict dyad- have arguably received the most attention. However, some analysts have looked to the domestic environment or, particularly in the 1990s, conditions within the great power sphere, specifically the emergence of a one power system led by the United States²⁷.

This literature provides a strong foundation. However because this study is focusing on states in the Middle East, it will also be necessary to consider a growing body of work that focuses on the domestic political and economic dynamics of the developing world. Much of the conflict resolution literature focused on traditional realist concerns such as the balance of power. Other parts of the literature focused on liberal concerns such as the spread of international institutions, the spread of norms and values, as well as the power of the profit motive²⁸. The alternative, which can be referred to as a ‘weak state-fragmented society approach’, links foreign policy and international relations to the pressures and insecurities created by development and state building²⁹.

The literature on conflict resolution also has to be contextualized because much of it has been drawn from the experience of great powers. Soviet policy, for instance, has received a great deal of attention since the end of the Cold War. Therefore, not only has it

²⁶ See for example: Janice Gross Stein, “Political Learning by Doing: Gorbachev as Uncommitted Thinker and Motivated Learner,” in *International Relations Theory and the End of the Cold War*, ed. Richard Lebow and Thomas Risse-Kappen (New York: Columbia University Press, 1995), 223-258.

²⁷ For a domestic level explanation, see: Sara McLaughlin Mitchell and Brandon C. Prins, “Rivalry and Diversionary Uses of Force,” *The Journal of Conflict Resolution* vol. 48, no. 6 (December 2004), 937-961. For an example of an explanation that looks to the emergence of a one-power system, see: Miller, “Between War and Peace: Systemic Effects and Regional Transitions from the Cold”.

²⁸ For example, see: Michael W. Doyle, “Liberalism and the End of the Cold War,” in *International Relations Theory and the End of the Cold War*, ed. Richard Lebow and Thomas Risse-Kappen (New York: Columbia University Press, 1995), 85-108.

missed the problems associated with weak states and fragmented societies, it has missed the potential role of powerful third parties, such as the United States. Because Washington has been heavily involved in the rivalries being discussed here, this is a particularly important issue. Although the potential role of mediators has been studied - William Zartman's work stands out in particular- the analysis has been from the perspective of the third party itself. That is, it has tried to identify the ripe moment for intervention or mediation as well as potential strategies. It has not specifically examined how individual states perceive and react to the involvement of third parties in their affairs.

Benjamin Miller's work has also examined the impact of the global distribution of power on regional conflict. In fact, he suggests that a one-power system is likely to produce "cold-peace" at a regional level, an argument that is consistent with the trend towards accommodation in the Middle East. However, because Miller focuses on the global level of analysis, his argument is best suited for explaining regional trends rather than particular policies of individual states. As discussed above, there were significant differences from one rivalry to the next during the 1990s, despite the consistency of American hegemony in the region. Moreover, even the timing of the trend does not fit perfectly with the rise of American unipolarity. Iran, for instance, began adjusting its policies in late 1989, while the Cold War was still being contested, and Moscow was still competing with Washington for influence in the region. The Jordanians and the Palestinians also made important changes to their policies before the end of the Cold-War. Jordan dropped its claim on the West Bank in 1988 and that same year the PLO accepted the concept of a two-state solution.

²⁹ For a variety of arguments that focus on this theme, see: *The Many Faces of National Security in the Arab World*, ed. Bahgat Korany, Paul C. Noble and Rex Brynen (New York: St. Martin's Press, 1993).

The questions raised in this study are not likely to be answered by a single-variable explanation. Instead, it is expected that accommodation will be the product of multiple factors, acting in concert. One reason for this expectation is that while accommodation represents a broad trend in policy at the regional level, within the trend there are significant variations in individual behavior. This suggests that factors from different levels of analysis interact to produce particular outcomes. Factors at the global and regional levels set the broader trends, while factors at the bilateral, domestic and individual levels shape individual foreign policy choices. Furthermore, while many of the arguments made above suggest competing hypotheses, others can be interpreted as complementary explanations. This suggests that in addition to different levels of analysis, factors will have to be combined in terms of different causal roles.

This approach is consistent with Zartman's definition of "ripeness", and Lebow's discussion of Soviet-American accommodation at the end of the Cold War. Both authors argued that several prerequisites would be necessary for conflict resolution to take place. Zartman, for instance, emphasized the necessity of a mutually hurting stalemate, a recent or impending crisis and the perception of a "way out"³⁰. Similarly, Lebow argues that the prerequisites involve domestic reform, anticipated reciprocity, and no possibility of escalation³¹. The specifics of their arguments will be discussed in the pages to come, it is sufficient here to note that not only do they point to more than one independent variable, but that the variables also seem to play different roles. State behavior in their arguments is

³⁰ I. William Zartman, "Conflict and Resolution: Contest, Cost, and Change," *Annals of the American Academy of Political and Social Science* vol. 518, Resolving Regional Conflicts: International Perspectives, (Nov., 1991), p.11

³¹ Richard Lebow, "The Search for Accommodation: Gorbachev Comparative Perspective," in *International Relations Theory and the End of the Cold War*, ed. Richard Lebow and Thomas Risse-Kappen (New York: Columbia University Press, 1995), 181.

driven by pressures and shaped by opportunities and constraints. If one digs deeper into their explanations, one will also find different types of motivations at work.

Organization of the Thesis

This study will begin with a literature review and then present the framework of analysis. This framework will attempt to organize the mix of dependent and independent variables discussed in the literature review. The dependent variables will include not only the initiation of accommodation but also its dynamics once underway. The potential independent variables will be drawn from a variety of analytical approaches -realist, liberal, and so on. They will be organized on the basis of different levels of analysis as well as their different potential causal roles.

The case study will examine Iran's policy of accommodation toward Saudi Arabia beginning with November of 1988 and ending with August of 2005. The end point has been chosen primarily because it was the end of President Khatami's second and last term in office. This allows for a balanced comparison across two presidencies: Hashemi Rafsanjani (1989-1987) and Muhammad Khatami (1987-2005). The time span also includes a number of significant events, such as the Kuwait Crisis of 1991, September 11th, and the US invasions of Afghanistan and Iraq. It would have been interesting to include the first years of President Ahmadinejad's presidency in the analysis. However, at the point that research was concluded, Ahmadinejad was still in the midst of his first term, and it would have been difficult to draw strong any strong conclusions.

The discussion of the Iranian case will include a brief historical analysis of their rivalry, and then discuss both the initiation and the dynamics of accommodation. There

will be some discussion of outcomes as well; however it will not be as developed due to the open ended nature of the case. As of 2005, it would be premature to argue that Iranian-Saudi relations had reached a definitive outcome. Nevertheless, some tentative comments will be offered about potential outcomes based on the variations in the dynamics of accommodation.

The thesis will conclude with a summary of the findings in the Iranian case. This discussion will attempt to place the conclusions in the context of the larger rivalry literature and suggest ways in which it can be expanded to better address the question of accommodation. Based on preliminary observations, some comparisons will also be made to similar cases where regional challengers have pursued accommodation with US-backed rivals. Finally, suggestions will be offered concerning future lines of academic enquiry.

Part 1: Theory and Methodology

1. Literature Review

This study will draw upon a relatively wide body of literature. Much of it will focus specifically on rivalries. Other parts will focus on related phenomena such as protracted conflicts and conflict resolution. In addition, more general theories of international relations and foreign policy will also be brought to bear. There is in fact a great deal of material that at least touches upon the issues being explored in this study. However, the literature does not specifically address the initiation and dynamics, nor does it specifically examine rivalry behavior from the perspective of regional challengers. Therefore the literature the literature provides only a partial guide to identifying key causal variables and establishing an analytical framework.

There are a number of ways this body of literature can be organized. Unfortunately, dividing the literature in terms of the ways rivalries are defined (protracted conflicts versus strategic rivalries, for example), or in terms of methodology (quantitative versus qualitative) is unlikely to help. Many of the same causal factors are used in each type of analytical approach. They are merely redefined and re-operationalized to suit the needs of the particular methodology. Organizing the discussion in this manner would therefore lead to a great deal of repetition. Because of this, the following review will first discuss the two main competing models of rivalry dynamics -punctuated equilibrium and the evolutionary model. Afterwards, the discussion will turn to potential causal factors. First, theories that emphasize the importance of subjective factors will be discussed. These theories focus on variables that influence the way decision makers understand and interact with the world around them, such as perceptions, motivations, preferences and

learning. Secondly, arguments that emphasize the importance of the objective, or operational, environment will be examined. These include theories that focus on political, military, and economic factors operating within the domestic and international arenas. They will be subdivided on the basis of the different levels of analysis. Although the factors to be discussed all have a degree of plausibility, each of them have weaknesses or leave important gaps when applied to the question of accommodation.

Competing Models of Rivalry Behavior

One of the key debates in the rivalry literature focuses on the way rivalries develop and change over the course of their life span. The *punctuated equilibrium* model suggests that once rivalries are established, they remain relatively stable over time. This approach was drawn first from the study of evolutionary biology and then applied to the study of public policy³². Change in rivalry behavior, like biological adaptation or change in administrative procedures is said to take place only when there is a sudden change in the environment that makes the *status quo* untenable. The equilibrium, so to speak, is punctuated by sudden environmental “shocks”³³. These shocks are necessary both for the establishment of a rivalry as well as its eventual termination. Diehl and Goertz argue, however, that rivalries are likely to be very durable. Only large or “massive” shocks are likely to be traumatic enough to trigger a substantial change in the relationship³⁴.

The alternative approach to understanding the dynamics of rivalries suggests that rather than sudden, abrupt changes, rivalries develop patterns of behavior over time. This

³² Paul F. Diehl and Gary Goertz, *War and Peace in International Rivalry* (Ann Arbor: University of Michigan Press, 2000), 134.

³³ Gary Goertz and Paul F. Diehl, “The Initiation and Termination of Enduring Rivalries: The Impact of Political Shocks,” *American Journal of Political Science*, vol. 39, no. 1 (February 1995): 33.

evolutionary model suggests that rivalries do not spring into existence fully formed, and that events within a rivalry are interrelated³⁵. Initially, one or more conflicts create a climate of suspicion and hostility, which in turn generates further conflicts. There are a variety of mechanisms that may connect one conflict to another and gradually escalate the relationship into a full rivalry. These include factors such as perceptions and expectations as well as increasingly coercive bargaining strategies³⁶. Similarly, the evolutionary model suggests rivalry termination will develop incrementally rather than be a sudden response to an abrupt shock. Learning, in particular, is likely to play a role in this process³⁷.

The idea of accommodation as an intermediary stage in rivalry termination would seem in some ways most compatible with the evolutionary approach. Several authors writing from an evolutionary perspective have suggested that rivalries go through phases. Hensel for instance, suggested that rivalries go through periods of isolated rivalry, then proto-rivalry, and then full rivalry³⁸. Accommodation could be conceived of as a de-escalatory phase that parallels the intermediary position of proto-rivalry. However, the concept of accommodation can also be discussed within a framework of punctuated equilibrium. Diehl and Goertz argue that while rivalries may be characterized by stability once they are established, they are likely to undergo periods of fluctuation in the beginning and at the end³⁹. The concept of accommodation is not inconsistent with this pattern. A major shock may produce a period of fluctuation that involves accommodation as the rivalry transitions into termination. Or, if one were to stretch the Diehl and

³⁴ Diehl and Goertz, *War and Peace in International Rivalry*, 134.

³⁵ Zeev Maoz and Ben D. Mor, *Bound to Struggle: The Strategic Evolution of Enduring International Rivalries* (Ann Arbor: University of Michigan Press, 2002), 9.

³⁶ *Ibid.*, 16.

³⁷ *Ibid.*, 10.

³⁸ *Ibid.*, 16.

³⁹ *Ibid.*, 139.

Goertz's pattern just a little, a lesser shock may lead to brief period of accommodation where the rivalry does not terminate. If accommodation proved lasting, then one could say that the equilibrium had been adjusted. If the rivalry reverted to a previous level of intensity, then the old equilibrium was reestablished.

Although these two competing models suggest different patterns of change within rivalries (incremental versus abrupt), there still remains the question of what specific factors cause change to occur. Some potential causes for accommodation seem more consistent with one approach or another. For instance, learning seems to fit the evolutionary model best. However, many other potential causes work with both models. Indeed, many of the same causal factors are implicated in both the evolutionary and the punctuated equilibrium literature. There are also a number of other potentially important factors discussed that are not explicitly referred to in the rivalry material. In the next pages, these factors will be discussed. As noted above, they include both subjective factors as well as factors that exist in the operational environment.

Subjective Factors

Dramatic policy changes are often identified with the leaders who initiate them. Consequently, when there is a peace initiative or an attempt to reduce conflict between two long-term adversaries, the analysis often focus on *individual policy makers* and their *attitudes, perceptions and skills*. The 1978 Camp David peace accords, for instance, are often explained in terms of Anwar Sadat's personality and leadership style. Lorenz describes him as a man committed to making peace⁴⁰. Stein argues that it was not only his

⁴⁰ Joseph P. Lorenz, *Egypt and the Arabs: Foreign Policy and the Search for National Identity* (Boulder: Westview Press, 1990), 79-85.

commitment to peace but also his skill at manipulating the environment⁴¹. This allowed him to remove a number of substantial obstacles to a settlement. On the other hand, Sadat's critics, such as Stork, argue that the shortcomings of the Camp David Accords can be attributed to the Egyptian president's strategic ineptitude⁴². In a similar vein, the end of the Cold War has been attributed largely to the personal attributes of Mikhail Gorbachev and the "new thinking" he brought to the Kremlin⁴³. He has been described as a man committed to peace and reforming the Soviet Union. Stein, however, described him as a man who was not necessarily predisposed to peace, but who came into office with an open mind. As a result, he was willing to consider and adopt new ways of dealing with the problems facing the Soviet Union⁴⁴.

This approach is intuitively appealing, particularly in the Middle East where authoritarian regimes are the rule, and decision-making is less institutionalized. There are, however, drawbacks to putting so much analytical weight on personality and individual attributes. First of all, it misses the impact of other environmental factors. As will be discussed in more detail below, decision makers have to deal with numerous pressures and constraints, both at home and abroad. These objective factors may have a homogenizing effect, neutralizing the influence of idiosyncratic characteristics. At best, personality factors need to be examined in the context of the environment with which they interact. Focusing on the individual also tends to make politics appear random. If

⁴¹ Janice Gross Stein, "The Political Economy of Security Agreements: The Linked Costs of Failure at Camp David," in *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, ed. Peter B. Evans, Harold Karan Jacobson and Robert D. Putnam, *International Bargaining and Domestic Politics*, Studies in International Political Economy (Berkeley: University of California Press, 1993), 86-87.

⁴² Joseph Stork, "Sadat's Desperate Mission," *MERIP Reports* no. 64 (1978): 257.

⁴³ Janice Gross Stein, "Political Learning by Doing: Gorbachev as an Uncommitted Thinker and Motivated Learner," in *International Relations Theory and the End of the Cold War*, ed. Richard Ned Lebow and Thomas Risse-Kappen, *International Relations Theory and the End of the Cold War* (New York: Columbia University Press, 1995).232.

events take place simply because a certain personality was in power, one loses sight of potential patterns or persistent dynamics. Prediction, needless to say, becomes virtually impossible.

Looking at individuals does provide some insight into political events, but there are more systematic and generalizable ways of studying the role of subjective factors. One approach is to look at *types of leaders* rather than particular individuals⁴⁵. Stein, for instance, has argued that ‘charismatic’ leaders -who base their leadership on nationalist and ideological appeals- are ill-suited to peacemaking. They are too committed to change to accept the compromises necessary for conflict resolution⁴⁶. Stein also suggests that when political passions have cooled, or fatigue has set in, charismatic leaders will be replaced by a more pragmatic, ‘rationalist’ type of leadership. This second group, are potential peacemakers and are more likely to consider compromise, but they are also likely to be very cautious. In the Middle East, Stein argues that such leaders have been unable to “transcend” the old patterns of conflict and hatred. Stein goes on to suggest that it is a third type, legal-traditionalists, who have been the only ones to successfully make peace. This last group is guided by principle and history rather than the pragmatic desire to manage various threats and pressures. Although this may make them less willing to make compromises, when they do choose peace their commitment is likely to be deeper and their vision of peace more expansive⁴⁷.

⁴⁴ Ibid., 238-240.

⁴⁵ Ali E. Hillal Dessouki and Bahgat Korany, “A Literature Survey and a Framework for Analysis,” in *The Foreign Policies of Arab States: The Challenge of Change*, ed. Bahgat Korany and Ali E. Hillal Dessouki (Boulder: Westview Press, 1991), 8-24.

⁴⁶ Janice Gross Stein, “Leadership in Peacemaking: Fate, Will, and Fortuna in the Middle East,” *International Journal* 37 (1981-1982): 522.

⁴⁷ Ibid., 523.

Again, there is an intuitive appeal to this argument. The characteristics attributed to the charismatic leader fit with our common understanding of the type of person needed to lead a revolution or to build a state. Stein's argument also draws out a subtle distinction between the two more conservative types of leadership. However, as Stein argues herself, to be complete, this analysis requires a number of other explanatory inputs⁴⁸. First of all, there are numerous potential constraints that may block peacemaking no matter what type of leadership is in power. For instance, the domestic environment may still be too radicalized to accept compromise. There also has to be a suitable match with the leadership on the other side of the conflict. If charismatic leadership continues to be in power, there may be little chance of reciprocity. A rationalist-traditionalist dyad may also be unworkable, if the rationalists are too slow to respond or do not seem committed to anything beyond a tactical peace. Even when the right bilateral match is in place, Stein argues that they still may need the presence of powerful, and rational mediator, as was the case when the United States brokered the Camp David Accords⁴⁹.

The focus on leadership type may also be criticized in a more fundamental way. Leadership may not be so much an independent factor in itself as a reflection of the larger domestic political environment. Volatile political environments may, in effect, choose 'charismatic' leaders. Similarly, the cooling of political passions may give rise to a more rational type of leadership. If this is the case, the proper focus of our attention is not the individual, but the state level of analysis.

A third approach to studying subjective factors is to look at *ideology*. Ideologies are belief systems about the world, the way it works and what is important or valuable. As

⁴⁸ Ibid., 520.

⁴⁹ Ibid., 537.

such, they have a potentially large role in the formation of foreign policy. They influence the way leaders and political elites perceive the functioning of the international system and the nature of other international actors. With their normative content, ideologies also shape the goals a government wishes to achieve and the values that it wishes to protect. In some ways this is similar to the impact of psychological variables discussed above. The difference is that while ideologies may operate on a subjective level, they transcend the individual. Therefore, comparisons can be made between individuals, states, and different time periods.

In the Middle East, ideology has been a frequently cited variable in the analysis of foreign policy. Since the 1950s, analysts have made reference to the importance of Pan-Arabism and latter Ba’thism to explain the policies of Egypt, Syria and Iraq, particularly in relation to the Arab-Israeli conflict. Ideologies based on particular interpretations of Islam have also been used to explain the policies of Saudi Arabia and Iran⁵⁰.

Nevertheless, there are drawbacks to emphasizing this factor as a determinant of foreign policy. Like the study of personality, analysis based on ideology often overlooks environmental influences on foreign policy. The realities of the international system can make it impossible to achieve ideological goals. Neo-realism, in fact, would argue that the security imperatives of an anarchic system force conformity on states, no matter what their ideology. States either adapt to reality, or they fall victim to more efficient states. As an explanatory variable, ideology also tends to be static. Elaborate belief systems do not

⁵⁰ Although they are broadly grouped under the rubric of Islamic “Fundamentalism”, there are significant differences in the way these two states interpret Islam and apply it to politics. Saudi Arabia’s austere brand of Sunni Islam is often referred to as “Wahhabism” because of the influence of Muhammad ibn Abd al Wahhab. In Iran, political Islam is based on Shi’a rather than Sunni practice. The structure of the Iranian government was also based on the late Ayatollah Ruhallah Khomeini’s interpretations of Shi’ism. In both cases however, foreign and domestic policy are frequently explained in terms of these ideologies, even though there has been a significant turnover of individuals within the two regimes.

change quickly, yet states often have to change goals and tactics. This is particularly problematic in the context of explaining conflict resolution. Ideological difference may provide a convenient explanation for why states find themselves in conflict, but if there is no change in belief system, it does not help explain why they would pursue some form of conflict resolution.

Focusing on ideology also poses practical problems. Even though states may be pursuing pure *realpolitik*, they will often try to legitimize their policies through appeals to ideological values and principles. This leaves the analyst with the often-difficult job of distinguishing “cause” from post-hoc justification. Finally, understanding ideologies and/or belief systems is no easy task, particularly when they are based on complex readings of religion and history. Like studying culture as a political determinant, the study of ideology can easily be distorted by preconceptions about a particular belief system. In the end, conclusions about the role of ideology may say more about the analyst than the behavior of the state in question.

Despite these issues, the importance of ideology should not be dismissed out of hand -particularly when states consistently make explicit reference to the principles and values of their ideology when they are explaining their behavior. Ideology often forms an important link between the government and the masses. It therefore may play an important role in domestic politics –which will be discussed further in later pages. At a subjective level, it likely remains an important influence over what states would like to do

(i.e. their motivations) even if their behavior is ultimately constrained by the environment⁵¹.

The three factors discussed above –personality, leadership type, and ideology- are most likely to operate in a way which is consistent with a punctuated equilibrium model. Accommodation would be the result of a change in leadership which introduces new personalities, new types of leaders, or new ideologies. Such a change would constitute a shock that upsets the rivalry’s equilibrium.

A fourth approach to the subjective environment is to look at the impact of *learning*. This would be a factor more in line with an evolutionary model. Learning is defined by Levy as “a change in beliefs (or the degree of confidence in one’s beliefs) or the development of new beliefs, skills, or procedures as a result of observation or interpretation of experience”⁵². Learning can change the understanding of cause and effect (causal learning) or the nature of other actors or a particular situation (diagnostic learning)⁵³. Learning, therefore, can account for policy change because new ideas emerge about the nature of the conflict and characteristics of the ‘enemy’. For example, as was discussed above, Stein has argued that Gorbachev came into power with an open mind and a willingness to consider new solutions to the state’s problems. In fact, she describes him as an uncommitted, motivated learner⁵⁴. Stein’s explanation therefore not only involves Gorbachev’s relatively flexible cognitive structures, but also his changing

⁵¹ Paul Noble, “Systemic Factors Do Matter, But... Reflections on the Uses and Limitations of Systemic Analysis,” in *Persistent Permeability? Regionalism, Localism, and Globalization in the Middle East*, ed. Basil Salloukh and Rex Brynen (London: Ashgate, 2004), 29-65.

⁵² Jack S. Levy, “Learning and Foreign Policy: Sweeping a Conceptual Minefield,” *International Organization*, 48, 2 (Spring 1994): 283.

⁵³ *Ibid.*, 285.

⁵⁴ Stein, “Political Learning by Doing: Gorbachev as an Uncommitted Thinker and Motivated Learner,” 240.

understanding of the US-Soviet rivalry (diagnostic learning) and the potential for a strategy based on mutual security (causal learning).

A different way of explaining the role of learning in foreign policy is through the role of epistemological communities. Rather than individuals, it has been argued that communities of scholars and intellectuals gradually redefine how decision-makers understand political issues and their policy options. Once again returning to Gorbachev and Soviet Foreign Policy, Mendelson argues that the withdrawal from Afghanistan cannot be properly understood without taking into account the influence of specialist networks⁵⁵. These networks gradually redefined the Soviet understanding of the situation⁵⁶ and helped legitimize Gorbachev's decision to pull out the conflict. Not only did this mark a significant change in the Soviet Union's immediate policies, Mendelson argues that it opened the way to both perestroika and glasnost⁵⁷.

It is useful to note how the rise of Gorbachev in the Soviet Union can be incorporated into both punctuated equilibrium and evolutionary models. In the first case, Gorbachev's arrival constitutes a shock to the Cold War rivalry. His "new thinking" redefines the dynamics within the relationship. In the latter, a more subtle and incremental process of learning is taking place. This process may have taken place entirely within Gorbachev's head, or it may have been a process operating at an institutional level. A reformist leader was selected as the Soviet elite began to rethink their policies or, at the very least, they were convinced once he was in power.

⁵⁵ Sarah E. Mendelson, "Internal Battles and External Wars: Politics, Learning and the Soviet Withdrawal from Afghanistan," *World Politics* 45 (April 1993): 330-334.

⁵⁶ *Ibid.*, 354.

⁵⁷ *Ibid.*, 356.

Once again, there is an intuitive appeal to the idea that decision-makers learn from their experiences. However, for the logic of learning theories to hold, it is necessary that the environment does not actually dictate exactly what conclusions are drawn by decision makers⁵⁸. The standard critique of learning theories, particularly by neo-realists, is that it is epiphenomenal. Learning they argue, is no more than the structure of the system shaping behavior over time. States either adjust their behavior to the changing structural environment, or they assimilate the norms of behavior through a process of rewards and punishment. To understand the behavior of states therefore, the proper locus of inquiry is not changes at the subjective level but changes in the objective environment.

This point is not lost on some proponents of learning based explanation. Stein argues explicitly that the environment did not dictate the lessons Gorbachev drew from his experiences. Had a different person been in Gorbachev's position, they may have drawn different conclusions and chosen different responses. Furthermore, Stein reasons that Gorbachev was able to reshape the political environment around him so that he could act on his new ideas. Mendelson, when discussing the impact of specialist networks, argues that their role has to be understood within the wider context of policy-making and Soviet domestic politics. However, skeptics are not likely to be satisfied. Critics of learning based theories would still reply that the ability of Soviet reformers to press their agenda was ultimately a function of its appropriateness in the context of the objective environment –both at home and abroad. Moreover, in the context of post-Cold War accommodation –which is the issue at hand- it could be argued that the pattern is too widespread to be a product of learning per se. If virtually everyone learns the same lesson

⁵⁸ Levy, 289.

at the same time, then environmental changes would seem to be the best place to look for an explanation.

To one extent or another, the preceding arguments have offered subjective factors as alternatives or rebuttals to realism. They suggest factors other than ‘structure’ will play an important role in shaping the behavior of states. There is some validity to this critique, particularly when the target is specifically neo-realism. More traditional approaches to realism, however, do make room for subjective factors in their analysis. William Wohlforth, for example, argues that any balance-of-power theory must be based on the assessments of decision-makers and their expectations about the future. Referencing Hans Morgenthau, Wohlforth posits that even the most straightforward approach to power – which focuses on capabilities rather than influence-needs to include both material and non-material factors and involves subjective calculations⁵⁹. Moreover, Wohlforth argues that policy is by its nature, forward-thinking. That is, policy involves subjective estimates of what the future is likely to bring. In the context of rivalries such as the ones being discussed here, Wohlforth argues that policy will be reevaluated not only in terms of the current balance of power, but also in terms of the direction decision-makers think the balance of power is going. Based on this type of reasoning, Wohlforth maintains the end of the Cold War was triggered by the perception within the Soviet Union that its power relative to the United States was irreversibly declining and that the costs of using force to resist this decline were prohibitive⁶⁰. It is interesting to note however, that Wohlforth concedes that the final choice not to use force is influenced, at least in part, by domestic considerations that realism cannot account for.

⁵⁹ William Wohlforth, “Realism and the End of the Cold War,” *International Security*, vol. 19, no. 3 (Winter 1994-95): 97.

Finally, it is necessary to examine different theoretical approaches to the question of *motivations*. There are a number of important and longstanding debates in the literature concerning the preferences and priorities of states. Here, the discussion will focus on two of the principal questions in international relations. The first involves the relative importance of different issue areas, external political-military security, economic security and regime security. The second involves the relative importance of different types of gains and losses. These questions are important here for several reasons. First, knowing what a state wants to achieve, or avoid, makes it easier to understand how it will respond to objective conditions in their environment. Specific factors will be discussed in more detail in the following section, but the point can be illustrated briefly through the following example. Leaders who are concerned primarily with domestic politics may continue to fight a losing battle with a neighbor if compromise will undermine regime security. Conversely, leaders who are concerned primarily with external security and balance of power politics will make their decisions without worrying about the domestic costs unless they impact on the state's military capabilities. A change in motivations, like a change in ideology, may act as a shock. Second, whether motivations change or not, they help us to understand what is more or less important to a state.

One of the core debates in the I.R. literature concerns the hierarchy of interests pursued by states. Realists have long argued that external security issues will dominate the national agenda. The logic behind this assertion is straightforward enough. Under conditions of anarchy, there is no other state or institution that can guarantee the security of the nation. Therefore, making sure the nation is safe must be the first order of business. All other issues are secondary. Liberals have argued, on the other hand, that the focus has

⁶⁰ Ibid., 119.

shifted away from military affairs. They argue that modern international system has mitigated many of the pressures of anarchy⁶¹. The threat of war, for most countries, is remote and they are free -if not compelled- to pursue economic efficiency and wealth.

Both of these arguments, however, are based largely on the experience of the developed world and their relevance outside of that context has been questioned by those who focus on the particular nature of state formation in the developing world, and by those who focus on the particular place that developing states occupy in the international economic system. The first approach argues that the interplay between weak states and fragmented societies creates a much more complex security environment in developing areas, such as the Middle East. When they were drawn, the borders of these states reflected the interests of European colonial powers rather than local political divisions. The result, as Miller describes it, has been a mismatch between states and nations⁶². Developing states often began as an amalgamation of political communities that were formally independent of each other. Colonial borders also divided groups that had previously formed a single political/social entity. These vertical (communal) cleavages have also been compounded by deep horizontal (socio-economic) cleavages. The result has been profoundly fragmented societies.

Political competition in these states has been both complex and intense. There are challenges to the state from groups who want to break away to join other states or to form new ones. There is also competition for the political center between groups who want to capture it for their own narrow interests. Not surprisingly, this competition has often

⁶¹ Richard N. Rosecrance, *The Rise of the Trading State : Commerce and Conquest in the Modern World* (New York: Basic Books, 1986).

⁶² Benjamin Miller, "When and How Regions Become Peaceful: Potential Theoretical Pathways to Peace^{¹," *International Studies Review* 7, no. 2 (2005),232-235.}

taken on an ideological dimension. Disenfranchised groups have expressed or justified their claims on the basis of different ideas about how the political system should be organized. Competition therefore, has not only involved the distribution of resources but the very nature of the state system⁶³.

This situation has been exacerbated by the relative weakness of state institutions. These states are relatively new and they lack the institutional capacity to carry out even mundane policies effectively, let alone manage intense political competition. Also, because these states are seen as the arbitrary creation of colonial powers, they lack legitimacy. Job has likened the situation to the security dilemma, a concept used to explain inter-state conflict. Without strong institutions, a state of domestic anarchy exists. This locks domestic competitors in a 'zero-sum' struggle for control over the state and its resources. In a play on the original concept, Job uses the term 'insecurity dilemma' to describe this dynamic⁶⁴.

Given these conditions, it is not surprising that the majority of conflicts after the Cold War have been domestic⁶⁵. Nevertheless, it is important to keep in mind that there is often an external aspect to these dynamics. Not only are inter-state wars more common in the developing world, inter-state competition also plays into the 'insecurity dilemma' states face at home. For instance, external actors can exploit domestic vulnerabilities to increase their leverage. Iran's support for Iraqi Kurds during the early 1970s is a perfect illustration. Disenfranchised domestic groups can also appeal outside of the state to ethnic

⁶³ Ibid., 233.

⁶⁴ Brian L. Job, "The Insecurity Dilemma: National Regime and State Securities in the Third World," in *The Insecurity Dilemma: National Security in Third World States*, ed. Brian L. Job (Boulder: Lynne Rienner, 1992), 11-35.

⁶⁵ For a discussion of this issue and its implications for peace making, see: Richard Betts, "The United Nations and International Security," *Survival*, vol. 35, no. 2 (Summer 1993): 3-30.

or ideological allies for support. The weak state-fragmented society perspective therefore suggests a complex security environment involving both internal and external (transnational) threats. Although it does not ignore the presence of traditional military security threats, it highlights the importance of domestic political concerns. It suggests that on a day-to-day basis, threats to the security of the regime may be the most salient security issue. Moreover, even where external threats are acute, the weak state-fragmented society approach suggests national integration will play an important role in the state's ability to meet the challenge.

The second approach that focuses on the particularities of the situation in the developing world is the economic underdevelopment/dependency school. It focuses on the importance of economics but differs significantly from the liberal perspective. It contends that developing states are locked into a subordinate position in the international economy because of their late entrance into the international economy and their dependence on the developed world for investment, technology, and markets⁶⁶.

The concerns raised by this situation are, in a sense, more fundamental than the domestic political concerns discussed above. Resource scarcity drives much of the instability facing developing states and the absence of a stable economy makes control over state institutions (and largesse) that much more important. A strong economy is also a necessary precondition for a strong military. States driven by these concerns will be predominantly economic actors. In particular, they will likely be as Brand suggested, rent

⁶⁶ There is a vast literature dealing with underdevelopment and dependency in the developing world. For a discussion focused specifically on the Middle East, see: Fred H. Lawson, "Neglected Aspects of the Security Dilemma," in *The Many Faces of National Security in the Arab World*, ed. Bahgat Korany, Paul Noble, and Rex Brynen, *The Many Faces of National Security in the Arab World*, International Political Economy Series (New York: St. Martin's Press, 1993).111-118.

seekers⁶⁷. Because the political costs of building efficient, market driven economic systems are potentially destabilizing, they will tailor their foreign policies to extract economic concessions from external sources. This may mean financial aid, foreign investment, or favorable trading agreements.

As discussed above in terms of individual decision-makers, ideology may also play a role in defining a state's hierarchy of values. In addition to regime security, military power, and money, states may pursue goals that are defined by their belief system. This may operate through the belief systems of individual leaders. For instance, President Woodrow Wilson made democratization a key value in American foreign policy. Similarly, President Jimmy Carter made human rights an important part of his foreign policy agenda. In other cases though, ideology is not only institutionalized in the state, it becomes part of the larger social fabric. Working from the sociological literature, constructivists argue that beliefs about the state's identity and role in the international system are socialized⁶⁸. They permeate not only key decision makers but also the population at large. From this perspective, liberalism in American foreign policy is not tied to individual presidents, but is a consistent theme in US policy due to deeply rooted beliefs about the country's identity as a liberal state and its role as the "leader of the free world".

Although most of the literature focuses on this question of preference hierarchy, there is a second dimension of motivations that needs to be discussed. One of the key premises of realism is that under conditions of anarchy, states will be concerned primarily

⁶⁷ Laurie A. Brand, "Economics and Shifting Alliances: Jordan's Relations with Syria and Iraq, 1975 to 1981," *International Journal of Middle East Studies*, 26 (1994): 394-395.

⁶⁸ For an overview, see: Jeffrey T. Checkel, "The Constructivist Turn in International Relations Theory," *World Politics*, 50 (January 1998): 324-48.

with relative gains. Because their competitors are potential threats, states will not assess their position in terms of absolutes, but in terms of where they stand relative to others. From this perspective, the size of a state's army or its GDP is meaningless without some reference to the wealth and power of its neighbors. Operating on this principle, states pursue policies that will improve or protect their relative position. At the same time, they avoid policies that benefit their competitors disproportionately, even if it would also leave them better off in absolute terms.

Liberals however, claim that the preoccupation with relative gains is overstated. Starting in the early 1970s, they argued that economic interdependence, the military stalemate created by nuclear deterrence, and the growing strength of international institutions were combining to mitigate the impact of anarchy. As states became less fixated on the potential threat posed by their neighbors, they became free to pursue absolute gains, in particular wealth⁶⁹. This argument was resurrected after the end of the Cold War and combined with theories about globalization. Not only did the fall of the Soviet Union end the primary security concern, the globalization of the economy forced states to commit themselves to trade, commerce, and economic efficiency. It was no longer 'just' possible to become a trading state; it had, in fact, become imperative.

While the absolute-relative schism has been pre-dominant, a third challenger has emerged in the motivations debate⁷⁰. Based upon literature from the field of psychology, it has been argued that potential losses are more important than either relative or absolute gains. Prospect theory was developed as an explanation for risk-taking and decision-

⁶⁹ See Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World*.

⁷⁰ For a discussion of the three approaches in this debate, see: Janice Gross Stein, "International Cooperation and Loss Avoidance: Framing the Problem," *International Journal*, XLVII (Spring 1992): 206-219

making by Kahneman and Tversky in 1979⁷¹. Based upon the observation of individuals in a laboratory environment, prospect theory involves several propositions about the way people order their preferences. First of all, it is argued that the impact of pay-offs, whether they are positive or negative, is based not so much on their absolute value, but on how much they change a person's circumstances relative to a given reference point. Secondly, people are averse to losses. That is to say, a loss of a given magnitude will be more salient than the same level of gains. Third, when faced with risky decisions, people are risk averse in response to potential gains but risk acceptant when faced with potential losses. That is to say, experimental subjects were more willing to take risks to avoid losses than they were to achieve gains. Fourth, although the reference point is often assumed to be the status quo, it may in fact be socially or historically defined. This means that the reference point may not be based upon what a person has, but upon what they think they are supposed to have. Finally, people tend to overvalue their current state of affairs. This is referred to as the endowment effect. It is interesting to note that there is a tendency for people to immediately assimilate new gains into their reference point, thereby ratcheting up the level an individual's expectations⁷².

Prospect theory has often been offered as an alternative to expected utility theory. Under experimental conditions, where the reference points and the pay-offs can be clearly and objectively defined, the theory can be used to generate predictions about behavior that are inconsistent with those suggested by an expected utility model. However,

⁷¹ William Boettcher III, "Context, Theory, Numbers and Words: Prospect Theory in International Relations," *Journal of Conflict Resolution*, vol. 39, no. 3 (September 1995): 561.

⁷² This discussion of prospect theory is drawn largely from: Jack S. Levy, "Prospect Theory, Rational Choice and International Relations," *International Studies Quarterly*, vol. 41, no. 1 (March 1997): 89-91. The ordering of the points has been slightly altered however, to better fit the context of the present discussion.

attempts to test the predictive power of the two models 'head-to-head' have been inconclusive⁷³. Under experimental conditions there have been questions raised about the theoretical construction of the tests. In the real world, particularly in the realm of international relations, prospect theory has run into problems because it is often difficult to define pay-offs and reference points in a consistent and objective way⁷⁴.

These problems continue to plague prospect theory as a formal model of foreign policy. However, for the purposes of this discussion, these issues are of less importance. Even if it cannot be clearly differentiated from expected utility theory, the development of prospect theory has established loss avoidance as a motivating force that needs to be considered as an alternative to both relative and absolute gains. This is helpful here for two reasons. First, it suggests that any event that involves potential losses is going to be extremely salient to decision makers. The implications this has for the punctuated equilibrium model is obvious. Prospect theory, even if adapted loosely to the context, suggests that the type of event necessary to shock a state or states out of well established patterns of behavior will involve potential losses rather than relative or absolute gains. Secondly, prospect theory may help us understand how decision makers manage complex security threats present in the developing world⁷⁵. As noted above, the weak state/fragmented society school suggests that states will have to attend to both internal and external security threats, as well as the economic challenges of underdevelopment. Therefore, there may not be a consistent hierarchy of concerns. Sometimes internal

⁷³ Jack Levy, "Prospect Theory, Rational Choice, and International Relations," *International Studies Quarterly*, 41, 1 (March 1997): 88-93.

⁷⁴ *Ibid.*, 93.

⁷⁵ Astorino-Courtois and Trusty make a similar argument to account for complex decision-making in Syrian policy toward Israel during the 1990s. See: Allison Astorino-Courtois and Brittani Trusty, "Degrees of Difficulty: The Effect of Israeli Policy Shifts on Syrian Peace Decisions," *The Journal of Conflict Resolution*, vol. 44, no. 3 (June 2000): 359-377.

security may get priority, other times it might be regime security or economic security. However, if we recognize that the underlying motivation is avoiding losses -particularly absolute losses- it may be possible to see patterns in what appears to be inconsistent behavior. Prospect theory would suggest that priority will be given to issues that most acutely threaten absolute losses.

Objective Environment

The subjective environment potentially plays a large role in shaping foreign policy decisions. However, as has been discussed, the explanations it provides appear to be incomplete if they are considered alone. Regardless of motivations, ideologies, or psychological predispositions, decision makers still have to react to, and navigate, the objective world around them. Learning and/or perceptions are also based on interpretations of this environment. The following discussion will therefore examine theories that highlight potentially important objective factors. They will be organized in terms of the different levels of analysis.

As discussed in the introduction, the trend towards accommodative policies coincided with the end of the Cold War. This correlation strongly suggests some causal linkage between conflict resolution at the regional level and changes in the great power sphere (*dominant system*). Benjamin Miller has explored the relationship between “peace-making” at the regional level and characteristics of the Great Power sphere. Miller argues that the distribution of power at the global level (multi-power, two-power and one-

power), and the degree and nature of super power involvement will have an important influence on regional war and conflict resolution⁷⁶.

In Miller's opinion, the global system favors conflict resolution when it is a one-power system, or when a concert of power exists⁷⁷. If the dominant state or coalition of states is sufficiently involved, it can encourage conflict resolution by providing security and economic incentives to the parties involved. It is also better positioned to manage negotiations, restrict arms transfers, and punish non-cooperative states. In a global system where two or more powers are in competition, regional combatants can exploit the situation to procure sufficient arms and support, and thereby maintain their war effort for extended periods of time. Global competition will also complicate regional peace talks because there will be incentives for one power or the other to undermine the process. While Miller argues that super power competition does not create regional conflict, he does suggest that it can exacerbate the situation⁷⁸.

Miller acknowledges, however, that a one-power system -like the one that has existed since the fall of the Berlin Wall- is not enough to ensure peace at a regional level. In the developing world, where states are weak and there is frequently a profound imbalance between borders and national identities, the preconditions for war and conflict will remain in place⁷⁹. State institutions will be weak, and under pressure from domestic and transnational social forces to pursue revisionist foreign policies. Under these conditions, there will be strong incentives to fight diversionary wars, to fight wars for

⁷⁶ Miller makes similar arguments in several articles. See: Miller, Miller, "When and How Regions Become Peaceful: Potential Theoretical Pathways to Peace" 232-235. See also: Benjamin Miller, "The Global Sources of Regional Transitions From War to Peace," *Journal of Peace Research*, vol. 38, no. 2 (2001): 201.

⁷⁷ *Ibid.*, 201.

⁷⁸ *Ibid.*, 201-205.

profit, or to conquer new territories⁸⁰. If intrusive powers cannot to alleviate these conditions, the best they can hope for is to create a situation where war is a less attractive option -even if only for a short period. As was discussed in the first chapter, this is a situation described by Miller as a cold war, or at best, a cold peace. There is no immediate violence, but the possibility of war is never far off. Any change in the distribution of power at the global level or in the degree of super power involvement will allow the latent forces of war and conflict to resurface⁸¹.

This is an elegant treatment of a complex set of factors. Miller attempts to integrate explanatory factors from different analytical levels, explaining variations in war and peace across regions by examining the interaction of global and regional variables. His approach however, is designed to answer a different set of questions than the ones set out in the preceding pages. Miller is describing the overall situation in a given region; he is not describing the foreign policies of particular states. He is essentially describing an aggregate of all the relationships and policies in a particular area of the world. Miller's aggregation across regions leaves the policies of individual states and the pathways of individual conflicts unexplored. While the overall situation in a given region may conform in general to Miller's theory, there may be significant variations between states in the same region. For example, Jordan's policy towards Israel has not been identical to Syria's even though they are both subject to the same regional forces.

In addition to aggregating the dependent variable, Miller's work also treats one of the key independent variables as the sum of many individual parts. The level of state

⁷⁹ Miller, Miller, "When and How Regions Become Peaceful: Potential Theoretical Pathways to Peace¹". 234.

⁸⁰ Ibid., 234.

⁸¹ Miller, "Explaining Variations in Regional Peace: Three Strategies for Peace-Making," 158.

coherence is based on the overall balance between states and national identities in the region. Miller may be right about how the overall level of coherence affects the region as a whole, but the situation in some states is more acute than in others. Moreover, as a variable, state coherence is a composite of a number of domestic political forces: economics, ethnicity, identity, institution building and so on. While two states may both rank low in coherence, variations in the make-up of this factor may lead the two states to pursue very different policies. Finally, even if two states are identical in terms of the degree and nature of state coherence, other non-shared characteristics, such as population, resources and geography may also lead them in different directions.

The trend toward accommodation also coincided with the on-set of the phenomena of “globalization”. This also was linked to regional conflict resolution. The arguments focusing on globalization stressed two sets of related and mutually reinforcing pressures –global economics and global culture. The economic argument was discussed briefly in the preceding section. As was discussed, conflict and militarization are said to undermine economic efficiency and prevent the state from competing in the global economy. Maintaining the military forces needed to sustain a long-term conflict or rivalry –even one that does not directly result in militarized disputes- distorts the functioning of the economy and draws resources away from development. Conflict also scares away potential foreign investment, which not only limits financial inputs; it also limits the state’s access to new technology. Even if decision makers do not decide that this must be their first priority, it is a pressure that undoubtedly figures somewhere in their calculations.

The cultural side of the argument stresses the spread of information. No matter how hard governments try to control their citizen's access to information, the combination of satellite television, email and the internet make it impossible. People are exposed to new ideas, see how other people live, and have new means by which to communicate and organize amongst themselves. There are several potential consequences to this. The citizens of a nation may realize that their standard of living has fallen behind that of other states. This would directly reinforce the economic pressures discussed above. They may also be exposed to ideas that undermine their support for sustaining the conflict or rivalry. They may be exposed to new norms or values that question their state's conduct in the dispute. They may also gain a more nuanced understanding of the other side. This may break down cultural barriers and stereotypes that sustain the conflict at a domestic level.

Although the term "globalization" has become something of a cliché, there is little doubt that it does capture some new political force that has changed many things. However, its impact has not been received in the same way everywhere. In some places, globalization has had a homogenizing impact and has eroded local cultures to an alarming extent. In other places though, there has been resistance. In fact, one could argue that at least in part, the resurgence of political Islam has been a response to the wave of western culture and ideas. Also, not all regimes are equally vulnerable to the twin pressures of globalization. States with high oil exports, for instance, have had a buffer against some of the economic pressure –although the Asian economic crisis of the mid-1990s certainly played havoc with oil prices. The political impact can also be variable. Depending on the make-up of a regime's support base, it may be able to ignore the demands generated by

their globally aware citizens. In fact, if cultural and political globalization also threatens the interests of a regime's core constituents, the bond between them may actually be fortified. The sum point of this being that it cannot be assumed *a priori* that globalization will force states to give up long standing conflicts or rivalries.

Other approaches focus on changes taking place within *regional political* dynamics. Realists would argue that shifts in the regional distribution of power might force states to reassess their policies. For instance, if a new power emerged in the immediate locale, it might give two erstwhile rivals common cause. Or, even if it did not provide the basis of a new alliance, it may give one or both reason to downgrade previously existing rivalries so they can better position themselves vis-à-vis the new challenger. Conversely, instead of emerging threats, it could be argued that reduced conflict at a regional level could cause states to reevaluate their commitment to old conflicts. The resolution of one conflict may demonstrate that peacemaking is a viable strategy. Or, the resolution of one conflict may cut the 'Gordian knot', so to speak, and simplify regional dynamics to the extent that other conflicts can be solved as well. Solving the Palestinian-Israeli conflict, for example, could conceivably have such an effect. It is also possible that if there is a regional trend towards accommodation, belligerent states may feel they will become isolated if they do not follow suit.

It is also possible that changes in the regional pattern of alignment could have an impact on the policies of regional challengers. The trend in the Middle East after the Cold War was to bandwagon with the United States, particularly after Iraq's humiliating defeat in 1991. States that continued to resist this trend risked isolation within the region, especially if they maintained rivalries with key US clients. Realists would argue that the

subsequent loss of diplomatic and military support might leave regional challengers in an untenable position. Theories such as omni-balancing, which emphasize domestic considerations in alliance behavior, also suggest that isolation would be difficult to endure. Even if they did not face direct military challenges, regimes in the developing world are often threatened by alliances between internal opponents and external actors⁸². One potential way of dealing with this type of threat is through alliances. Such partnerships may be based on a common perception of internal threat and involve sharing information and resources. Or, the alliance may simply dissuade one state from exploiting the domestic weaknesses of the other. In either case, an isolated state would not have recourse to this strategy.

Regional dynamics may also be altered if there are changes in the mix of regime types. Heterogeneous regions have been argued to be more conflict prone than their homogeneous counterparts. Similarity of regime type may improve trust and communication and, to an extent, help harmonize interests. More specific arguments have been made about the spread of democracies and more recently, liberal economies. The democratic peace argument has been the subject of a great deal of debate, which does not need to be repeated here. In brief, the argument suggests that democracies share norms and values, which favor negotiation and legal remedies rather than conflict. Moreover, because they have to answer to their populations, it is more difficult for them to mobilize manpower and resources for warfare⁸³.

Rather than democracies, Solingen argues that the presence and relative strength of “liberalizing” coalitions makes states more or less likely to pursue peace. These

⁸² Stephan David, “Explaining Third World Alignment,” *World Politics*, 43, 2 (1991): 233-56.

coalitions are loose groups of domestic actors joined primarily by their shared interest in a liberal economic agenda. The logic of this agenda leads them to look for ways out of protracted conflicts for the reasons discussed above. However, their ability to go forward with this agenda is also dependent on the presence and strength of similar coalitions in neighboring states. Without potential partners in the region, liberalizing coalitions will be vulnerable to their domestic critics who will accuse them of ignoring security issues and compromising nationalist values. If there other liberalizing coalitions in the region, they will have mutual interests both in resolving conflicts and bolstering each other's position at home⁸⁴.

All of the theoretical approaches discussed above emphasize systemic level explanatory factors, whether they are at the global or regional levels. Although they all provide valuable insights, they are better suited to explaining general trends than the actions of a particular state. It is necessary, therefore, to drop down to the *bilateral* and domestic levels of analysis, where the theories that focus more explicitly on the behavior of individual states.

William Wohlforth, as noted above, makes an essentially realist argument about the end of the Cold war. While he emphasizes the importance of subjective interpretations of the balance of power, the argument can also be made through reference to objective factors. Theories of hegemonic rivalry typically argue that war is associated with changes in the balance of power; however, they are concerned primarily with power transitions.

⁸³ For example, see: Michael Doyle, "Kant, Liberal Legacies and Foreign Affairs," *Philosophy and Public Affairs*, vol. 12, no. 4 (Fall 1983): 205-232.

⁸⁴ Etel Solingen, "Economic Liberalization, Political Coalitions, and Emerging Regional Orders," in *Regional Orders: Building Security in a New World*, ed. David A. Lake, Patrick M. Morgan, and University of California Institute on Global Conflict and Cooperation., *Regional Orders : Building Security in a New World* (University Park, Pa.: Pennsylvania State University Press, 1997).68-100.

Transitions are dangerous because they create uncertainty about the outcome of conflict⁸⁵. Under these circumstances both states may prefer to fight than make concessions. Transitions may also be dangerous when the hegemon is in decline and can only maintain its position through preemptive warfare. However, when the challenger remains a relatively distant second, neither side is likely to use force. Wohlforth argues this third scenario captures the end of the Cold War. Although the Soviet Union was formidable, it was not in a position to challenge the United States so its response to decline was retrenchment. This is also consistent with power preponderance theories, which argue that warfare is less likely when one side is clearly stronger than the other⁸⁶. Decline by the weaker state therefore only serves to strengthen the status quo.

Hegemonic rivalries are somewhat different than regional rivalries. Whereas hegemonic rivalries involve competition for dominance in the international system, regional rivalries involve disputes over local power, influence and perhaps territory. Unlike hegemonic rivals, regional rivals also have to contend with the potential involvement of intrusive powers. Nevertheless, there are parallels. In the context of this discussion, regional challengers are the weaker party, if only because their rival enjoys the support of the United States. Should a regional challenger enter a period of decline, it might very well decide to pursue accommodation rather than risk conflict with a US client state.

⁸⁵ There are numerous variations on the theme of power transitions. For an interesting overview of the literature, see: Jonathan M. DiCicco and Jack S. Levy, "Power Shifts and Problem Shifts: The Evolution of the Power Transition Research Program," *Journal of Conflict Resolution*, 42, 4 (December 1999): 675-704.

⁸⁶ The two theories are in fact two sides of the same coin. Power preponderance theory extends the conclusions of power transition theory to static conditions. See: A. F. K. Organski and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980). See also: Jacek Kugler and Douglas Lemke, *Parity and War : Evaluations and Extensions of the War Ledger* (Ann Arbor: University of Michigan Press, 1996).

Besides the great power/regional power distinction drawn above, there are a number of other ways that rivalries can be categorized. Within each category, the path to accommodation may be somewhat different. Thompson argues that rivalries can be divided in terms of the issues that are in dispute. Spatial rivalries involve clashes over territory, while positional rivalries involve competition between major or regional powers for influence⁸⁷. Thompson also suggests that rivalries may be mixed, involving both spatial and positional issues. Thompson argues that spatial rivalries are likely to be terminated when one side can no longer reasonably expect to regain or maintain control over the territory in question⁸⁸. Positional conflicts he argues will only end when one of the rivals is forced to give up its aspirations to leadership⁸⁹. It is also possible that the dynamics within rivalries will vary as a function of their age, as well as the level of militarization. The impact of these variables is uncertain, however. Conceivably, they may make a rivalry more or less resilient to termination. Nevertheless, the potential importance of these factors needs to be noted, especially because the rivalry being examined in this study is relatively young and has not been militarized. Comparing the Iranian-Saudi rivalry to older, more violent rivalries needs to be done with care, and conclusions must be made cautiously.

At the *domestic* level, there are a number of factors that could potentially influence rivalry behavior. Several overlap with explanations that were mentioned in the discussion of subjective factors. However, they need to be considered here again because they involve political aspects that go beyond the psychology of decision-making. First of all, rivalry behavior may be impacted by a change in regime or a change in leadership

⁸⁷ Thompson, "Principle Rivalries," 204.

⁸⁸ *Ibid.*, 205.

within the regime⁹⁰. In part, this might be because of ideological change or the personal characteristics of the new leaders. However, changes of this type may also create new political dynamics. New leaders may represent different political constituencies with different political interests. The new leadership may not see the conflict in a different way, or have different ideological or moral values. Their interests may simply be impacted by the rivalry in a different way. It is also worth noting that a change in leadership may open up new opportunities for dialogue within the rivalry. The original leadership may be too closely associated with old conflicts to be trusted by the other side. A change in government may present, in a sense, a clean slate for diplomacy⁹¹.

The developing areas literature also focuses our attention on the domestic environment. As was also discussed in terms of the subjective environment, this literature argues that domestic concerns will receive priority in decision making. The literature also points to a number of specific domestic level factors that may impact foreign policy. Stephen David has argued that given the nature of the security environment in the developing world, the pattern of balancing and alliance behavior is likely to be different. He refers to the pattern as omni-balancing, suggesting that security threats will be omni-directional. He does not claim that domestic politics will be privileged *a priori*. He maintains that states will still balance against their main threats and bandwagon with those that are less acute⁹². However, he argues that, within the developing world, internal threats are more numerous and more acute than external threats. Therefore, developing

⁸⁹ Ibid., 206.

⁹⁰ Goertz and Diehl, "The Initiation and Termination of Enduring Rivalries: The Impact of Political Shocks," 37-38.

⁹¹ This has been described by Dean G. Pruitt as "New Leader Theory". See: Dean G. Pruitt, "Whither Ripeness Theory," *Working Paper #25 Institute for Conflict Analysis and Resolution*, George Mason University (2005): 5.

⁹² David, "Explaining Third World Alignment," 242-245.

states are likely to balance against groups that pose domestic threats and bandwagon with states that pose a threat from the outside⁹³. This type of logic would suggest that one of the main reasons developing states seek accommodations in rivalries is the need to focus their attention on acute threats to the safety of the regime.

Such threats could come in a number of different forms. Most obviously, a political or economic crisis within a state may force it to adjust its strategy within the rivalry. For instance, if a regime has a narrow base of support and maintaining the crisis is hurting their constituents, the rivalry may no longer be tenable. An economic crisis is likely to have particularly strong impact if it not only threatens the regime's political support, but also undermines the state's ability to compete militarily. A threat to regime security may not necessarily come in the form of a crisis though. Rather than an acute period of instability, the support for the regime may be slowly but surely eroded by the pressure of an adversarial foreign policy. This type of domestic politics argument, therefore, could be consistent with either the evolutionary or the punctuated equilibrium models of rivalry behavior.

While the discussion above suggested that domestic pressure will increase the likelihood of accommodation, there are other arguments that suggest just the opposite. Externalization, or the diversionary theory of warfare, argues that states will seek out external conflict to distract the population from internal difficulties and/or to provide an excuse for internal repression⁹⁴. It has also been argued that states facing domestic unrest

⁹³ Ibid., 235-236.

⁹⁴ See: Sara McLaughlin Mitchell and Brandon C. Prins, "Rivalry and Diversionary Uses of Force," *The Journal of Conflict Resolution*, vol. 48, no. 6 (December 2004): 937-961.

will lead to rigidity in foreign policy⁹⁵. Because they are afraid making concessions to a traditional rival will leave them vulnerable to their domestic opponents, regimes stick to a hard-line position rather than disengage and/or negotiate.

These two divergent sets of arguments can be reconciled, however, if some distinctions are drawn between regimes and the different degrees to which they have consolidated power. Hinnebusch argues that states suffering from low levels of political consolidation are likely to pursue “dramatic” policies that allow the regime to distract the public or discredit their opponents. However, once a regime is sufficiently consolidated, it will behave “rationally”⁹⁶. That is to say, it will react pragmatically to external security threats. Hinnebusch illustrates his theory through an analysis of Syrian foreign policy, arguing that Syria became “rational” only after Hafez al-Asad came to power and consolidated his control of the state. Stein’s description of Egyptian policy making is consistent with this argument. Stein argues that while Anwar Sadat faced opposition to the Camp David Accords, he had enough decision making autonomy to push his policies through⁹⁷.

Multi-causal Explanations

While there is a degree of plausibility to all of these hypotheses, the literature does not point out a clear way forward. There are simply too many reasonable arguments pointing in too many different directions. One way to clarify the situation may be to look

⁹⁵ This type of argument is considered in the context of Syrian policy in: Raymond A. Hinnebusch, "Does Syria Want Peace: Syrian Policy in the Syrian-Israeli Peace Negotiations," *Journal of Palestine Studies*, vol. 26, no. 1 (1996): 44-45.

⁹⁶ Raymond A. Hinnebusch, “Omni-Balancing Revisited Syrian Foreign Policy Between Rational Actor and Regime Legitimacy,” an unpublished paper offered as part of the MESA 1995 annual meeting.

⁹⁷ Stein, “The Political Economy of Security Agreements: The Linked Costs of Failure at Camp David,” 93.

for interaction effects. If the independent variables are examined in combination rather than individually, consistent patterns of interaction may emerge. Both William Zartman and Ned Lebow take this approach. Rather than just focusing on a single factor, they describe policy change as the product of several variables from different levels of analysis interacting together. Zartman claims that when certain conditions are met, conflicts will become “ripe for resolution”⁹⁸. First, at the bilateral level, the conflict must be a “mutually hurting stalemate”. That is, both sides must be suffering or incurring costs from maintaining the conflict. Second, he claims that the parties will be willing to break the pattern when they experience a recent or impending crisis. This may take place at the bilateral level or it may take place at the domestic level. A recent or impending crisis may come in the form of an unwanted escalation in the conflict, or it may involve a threat to the leadership of one of the states. Like Wohlforth, Zartman also argues that escalation cannot be an option. For conflict resolution to occur there must be no possibility of one state imposing a unilateral solution to the conflict. Finally, Zartman adds that there must be a valid spokesman for peace⁹⁹. In later formulations, however, Zartman down-graded the importance of this criteria, arguing it is secondary to the first two. While the third criterion is bilateral, the fourth is involves both the domestic and the bilateral levels of analysis.

Ned Lebow offers a similar, multi-causal type of explanation. Interestingly enough, it is a variation on an explanation for why crises and conflicts escalate. Lebow, along with Stein, argued in their ‘need-driven’ theory of aggression, that states will be motivated to reconsider their approach to long-standing conflicts when they are under

⁹⁸ See: I. William Zartman, *Ripe for Rivalry: Conflict and Intervention in Africa* (New York and Oxford: Oxford University Press, 1989), 274.

pressure¹⁰⁰. Originally, they argued that this pressure whether it was at home or abroad might provoke a violent escalation. To explain the end of the Cold War, Lebow turns this around and suggests that pressure, under different circumstances, may give rise to accommodation. For this to happen, Lebow argues that confrontation has to have been discredited as a policy¹⁰¹. This is consistent with both Wohlforth and Zartman, who also maintain that escalation cannot be an alternative. Secondly, Lebow maintains that there must be an expectation of reciprocity¹⁰². If it does not appear that their opponent will respond in kind, there will be no incentive to change policy. Indeed, if their opponent maintains an adversarial position, changing policy may leave the state worse off than it was before. Like the first condition, this is also a bilateral factor. Finally, Lebow argues that accommodation is more likely to occur in the context of domestic reform that will benefit from the change in foreign policy. Not only will this reinforce the desire to reach a settlement, reform may also remove some of the domestic opposition to peace¹⁰³.

These theories highlight several potentially important explanatory factors, and they are an important step forward in the way they discuss the interaction of multiple factors. Nevertheless, there would be problems applying their arguments to the present research project as is. First of all, they both leave important questions unanswered. Zartman does not specify what kind of political costs (political/military, regime stability, economic or ideological) are involved in mutually hurting stalemates, nor does he specify what kind of recent or impending crisis is likely to trigger a change in policy. More importantly, neither Zartman nor Lebow fully explain the role of powerful third parties.

⁹⁹ Ibid., 274.

¹⁰⁰ Lebow, "The Search for Accommodation: Gorbachev Comparative Perspective," 179.

¹⁰¹ Ibid., 174.

¹⁰² Ibid., 174.

Lebow bases his analysis on the end of the Cold War. Neither the US nor the USSR had to concern themselves with the policies and preferences of a stronger state. Moreover, the balance of power they calculated was only two sided. In the developing world in general, and the Middle East in particular, states need to include the United States in all of their security calculations. In these situations, the balance of power is clearly three sided. Zartman's work, on the other hand, focuses specifically on developing states, and powerful third parties are explicitly part of his explanatory framework. Unfortunately, Zartman's work comes entirely from the perspective of the third party. In trying to identify "ripe" moments for resolution, he is providing a guide for mediators. This, of course, is the purpose of his work. However, it does not explain how the actions of extra-regional actors are factored into the calculations made by the warring parties themselves. Furthermore, it assumes -at least to an extent- that the mediating parties are neutral in regards to the outcome. To understand the nature of the regional challenger's strategic predicament, it is essential to understand the involvement of powerful third parties - namely the United States. Moreover, in the cases under investigation here, there is a clear asymmetry in Washington's relationship with the two parties. Therefore, it is necessary to distinguish between the two regional states when explaining how they will react to American intervention in the conflict.

The potential importance of the United States was evident in Egypt's decision to pursue peace with Israel. Stein argues that Egyptian president Anwar Sadat was driven to peace by a combination of internal and external pressure. Externally, the potential for another clash with Israel threatened losses both in terms of men, material and the territory Egypt had been able to regain through the 1973 war and the subsequent negotiations.

¹⁰³ Ibid., 171.

Internally, Sadat faced growing pressure due to the deepening economic crisis within the country. An accommodation with Israel promised a solution to both problems. It gave Egypt security on its border as well as desperately needed economic aid from the United States. As Stein describes it, the United States actually became the focal point of Sadat's policy. Without US mediation and US aid, neither of Egypt's problems would have been addressed and there would have been no settlement¹⁰⁴.

The final issue with Zartman's and Lebow's work is theoretical. Although they use multiple causal variables in their analysis, they do not clearly explain the nature of their interaction. Was it simply cumulative or did the causal factors they identified play particular roles in shaping behavior? Had they specifically explained the principles behind the interaction, it may have been possible to identify combinations of factors that could produce the same effect under different circumstances.

Conclusion

The picture that emerges from this literature review is far from clear. Previous works have identified a wide variety of potential causal factors. Many of them are clearly competing hypotheses while others may in fact be complimentary. Unfortunately, the literature is fragmented along numerous lines and does not specifically address either accommodation or regional challengers. The most promising work suggests that policy change within rivalries is likely to be the product of multiple factors operating in

¹⁰⁴ Janice Gross Stein, "The Political Economy of Security Arrangements: The Linked Costs of Failure at Camp David," in *Double-Edged Diplomacy: International Bargaining and Domestic Politics*, ed. P. Evans, H. K. Jacobson and R. D. Putnam (Berkeley: University of California Press, 1993): 77-103. Egypt's situation was different from that of the regional challengers discussed in the introduction because the Cold War was still in progress. Nevertheless, there are important similarities. The USSR continued to be a player in Middle Eastern politics but it had proven incapable of meeting Egypt's needs. Cairo therefore had no choice but to look to Washington if it wanted the support of a super power.

conjunction. However, the nature of the causal interactions is not clearly explained so it is not possible to simply transpose those theories to new political questions and contexts.

Consequently, studying regional challengers and accommodation within strategic rivalries requires a specific analytical framework; one that identifies the appropriate dependent variables and organizes a large number of competing and complimentary hypotheses. Moreover, because it is likely that multiple variables will combine to shape policy outcomes, the framework will need to provide some mechanism by which they can interact.

2. Framework of Analysis

William Wohlforth correctly observed that the task of international relations theory has rarely been to identify a single cause for a given policy. Rather it has been to sort through a number of causes and identify which has been the most important¹⁰⁵. This task has been made doubly difficult because it often involves distinguishing between internal and external factors, which are continually interacting¹⁰⁶. The literature reviewed in the previous chapter suggests that this study will be no different. There are a wide variety of potentially important causal variables. Moreover, Zartman's work, along with Lebow's, suggests that any explanation is likely to involve multiple causal factors interacting together. The framework therefore, will not only have to organize the causal variables so they can be compared in terms of importance, it will have to organize them in such a way that their interactions can be identified. Finally, because this study will not

¹⁰⁵ Wohlforth, "Realism and the End of the Cold War," 93.

¹⁰⁶ Ibid., 107.

focus simply on the beginning of accommodation, there will also be multiple dependent variables.

This chapter will begin by breaking down process of accommodation so that specific dependent variables can be identified, explained, and operationalized. Secondly, the most promising explanatory factors will be chosen from the literature and organized in terms of the levels of analysis. Lastly, the discussion will deal with the issue of interactions by examining different types of causal roles. It will be suggested that the process of accommodation is shaped by a variety of different factors, each of which acts in a different way. By explaining these different roles, and categorizing the causal variables accordingly, it will be possible to separate competing from complimentary arguments. It will also be possible to make more nuanced judgments about the importance of particular causal factors.

The Dependent Variables

Earlier literature treated rivalry termination or conflict resolution as an end point. Accommodation, however, will be treated here as a process, with an initiation point, dynamics and outcomes. The **Initiation of Accommodation**, for the purposes of this study, will be marked as the point where Iran, the regional challenger, began to signal a willingness to implement accommodative policies toward Saudi Arabia, its rival. Initiation does not necessarily mean that the regional challenger was the party to instigate the beginning of accommodation. A regional challenger such as Iran could simply be responding to the overtures of either its rival or perhaps a powerful third party such as the United States. The important point is that the regional challenger is willing to change its

policies. Syria, for example, was presented with numerous opportunities to negotiate with Israel between the end of the 1967 war and the start of the Madrid Talks in 1991. What is important is that in 1991 they accepted whereas in the past they had not.

There are a number of ways in which initiation could take place. Diplomatic statements are one possibility. A state such as Iran could publicly state that it wishes to seek an accommodation although it may use terms such as *détente* or *rapprochement* instead. Expressing a desire for negotiations, consultations or better diplomatic ties would also qualify as indicators. Talk is cheap, however. States frequently feign an interest in diplomacy to satisfy the international audience. Therefore, in addition to statements, some pattern of overt behavior would also be necessary. This could take a number of forms, but the bottom line would be that there had to be some tangible evidence that the regional challenger was trying to reduce tensions and open dialogue.

The **Dynamics of Accommodation** will be discussed as varying along two dimensions. First, accommodation will be discussed in terms of *the type of policies* pursued. As discussed in the introduction, accommodation can be either behavioral or substantive. Behavioral accommodation entails limiting the scope or intensity of policies that increase tension or friction and using negotiations and communication rather than coercion or force. For instance, in the Iranian-Saudi context, Tehran frequently made statements questioning the Islamic legitimacy of the al-Saud and their regime. Stopping this rhetoric would constitute a form of behavioral accommodation, as would reducing support for Saudi opposition groups such as Saudi Arabian Hezbollah. Substantive accommodation, on the other hand, involves dealing with the contentious issues themselves. The states in question have to redefine their interests so that there is less

divergence between them. In the best case scenario, a consensus is reached on the issue in question. However, substantive accommodation may only involve a partial redefinition of interests. This is illustrated in the changes that took place in Tehran's approach to the regional state system. In the early years of the revolution, Tehran saw the system as the illegitimate creation of colonial powers. Indeed, Khomeini emphasized relations with the Islamic Umma (community) rather than other states¹⁰⁷. The regime therefore had a strong interest in exporting the revolution to the rest of the Persian Gulf. Not only was it intrinsically valuable to the revolutionaries in Tehran, the state system was a threat to their new domestic political system¹⁰⁸. By the late 1980s, however, Tehran's position began to change. Exporting the revolution had not weakened Iran's neighbors; it had only made them more hostile. As the regime experienced a period of introspection, the emphasis shifted from overthrowing the regional order to securing a better position within it. Exporting the revolution became more of a long-term goal and less of an immediate priority¹⁰⁹. As the Tehran began seeking an accommodation with Saudi Arabia, its interests were therefore still different from Riyadh's, but there was less of a gap between them.

Strategic rivalries, such as the one between Iran and Saudi Arabia, are complex, involving multiple issues and multiple dimensions of competition. Therefore, accommodation is likely to involve combinations of both behavioral and substantive policies. Rather than making an overall judgment about whether accommodation should

¹⁰⁷ R.K. Ramazani, "Ideology and Pragmatism in Iran's Foreign Policy," *Middle East Journal*, vol. 58, no. 4 (Autumn 2004): 555.

¹⁰⁸ Iran's neighbors were predominantly pro-Western monarchies that opposed the revolution on ideological grounds. The one non-monarchy in the region was Iraq, which had its own ideological reasons for opposing the revolution.

¹⁰⁹ Anoushiravan Ehteshami, *After Khomeini : The Iranian Second Republic* (London ; New York: Routledge, 1995).28.

be classified as substantive or behavioral, judgments will be made about policies in particular issue areas. In practice, behavioral accommodation is easier to identify than substantive because it involves changes in overt behavior. New behavior emerges, such as diplomatic contacts or negotiations. Old behavior, such as hostile rhetoric, diminishes. Substantive accommodation, however, is more subtle. Rather than overt behavior, the evidence will come in the form of policy statements and interview data, which will have to be interpreted and contextualized.

The quality of accommodation will also be judged in terms of *consistency*. Although accommodation involves an effort to avoid conflict, it is possible that elements of assertiveness will remain in some issue areas within the rivalry. As will be discussed in the pages to follow, there was a degree of accommodation in Tehran's policy toward Saudi Arabia right through the test period. However, at some points the policy was more consistent than others. Prior to the invasion of Kuwait and then again in the mid-1990s, a significant degree of assertiveness was evident in Iran's policies. During these mixed periods, Tehran would make concessions to Saudi demands in some issue areas, but remained belligerent and hostile in others. For example, Tehran complied with Saudi regulations on Iranian pilgrimages to the Hajj during the mid-1990s. However, at the same time, the Iranian press and leadership attacked the Saudis position on regional security issues. In the period after 1997, when Iran's policies were more consistent, Iran remained at odds with Saudi Arabia over a number of issues. However, where they could not reach some sort of agreement, Tehran played down their differences and abstained from direct criticism.

Last among the dependent variables are the **Long-Term Outcomes** of accommodation: rivalry termination or the renewal of conflict. *Rivalry termination* is often defined in terms of a period of time without militarized conflict. However, since the approach being used here is interest based rather than behavioral, such a definition would be inappropriate. Rivalry termination will therefore be discussed here in terms of perceptions and the convergence of interests. Therefore, the regional challenger will be said to consider the rivalry terminated when Thompson's criteria no longer hold. That is, a state no longer sees its former adversary as a competitor, as the source of actual or latent threats that pose the possibility of becoming militarized, and as an enemy"¹¹⁰. This does not necessarily mean a complete "political consensus", to use Lijphart's terminology. Some differences may remain between the parties. However, the conflicts of interest must have narrowed either by circumstances or substantive accommodation to the point where Thompson's last two criteria no longer apply. The *renewal of conflict* would involve abandoning accommodation and returning to adversarial policies within the rivalry. Overt policy changes would be the primary indicator of this outcome. However, because accommodation may be mixed to begin with, policy statements will also be important. Without a clear statement, it may be difficult to determine if there has been a fundamental change in strategy or simply in adjustment made to the policy mix.

Unfortunately, as was mentioned earlier, this study will not be able to fully explore the question of outcomes. Iranian accommodation has turned out to be an open-ended, long term policy. For better or worse, it has not arrived at either of the possible outcomes discussed above. It may be tempting to categorize long-term accommodation as

¹¹⁰ William R. Thompson, "Principle Rivalries," *Journal of Conflict Resolution*, vol. 39, no. 2 (June 1995): 204.

an outcome in itself. However this would be conceptually problematic for two reasons. First, any definition of long-term accommodation would be arbitrary. How long would accommodation have to last before it was more than just a transitional period? Unfortunately, the behavioral literature does not provide any practical benchmarks because it operates on very long time frames. In most of the literature, rivalries can be dormant for periods ranging from 10 to 25 years before they can be said to be fully terminated. Potentially, this would allow for transitional periods between 9 and 24 years, which would be too long for a study such as this¹¹¹. Perhaps more importantly, long-term accommodation is problematic as an outcome because it would mean in theory that a single instance of accommodation might have more than one outcome. For instance, if accommodation in a particular case lasted for several years and then lapsed back into conflict, then the outcome would be both long-term accommodation and renewed conflict. This is conceptually too messy. It is therefore better to consider the longevity of the policy in terms dynamics.

While the question of outcomes cannot be addressed fully in the main case of this study, it can be examined indirectly. By looking at why Iranian accommodation fails to transition one way or the other, it should be possible to identify important prerequisites for both rivalry termination and rivalry renewal. These observations can be further checked against the secondary case where there is a clear outcome, Syrian accommodation of Israel.

¹¹¹ Diehl and Goertz illustrate this problem aptly when they suggest that rivalry termination takes place “sometime in the ten years following the last dispute in the rivalry” (Diehl and Goertz, *War and Peace in*

| Dependent Variables | |
|----------------------------|----------------------------|
| 1. | Initiation |
| 2. | Dynamics |
| a. | Type of Policy |
| i. | Behavioural |
| ii. | Substantive |
| b. | Consistency |
| 3. | Long Term Outcomes |
| a. | Accommodation Discontinued |
| b. | Rivalry Termination |

Table 1: Dependent Variables

Explaining Accommodation: Independent Variables and Causal Roles

In the course of examining Iranian accommodation toward Saudi Arabia, this study will have two goals. First, it will attempt to answer specific questions about Iran's policies of accommodation toward Saudi Arabia. These questions are listed below:

1. Why was accommodation initiated?
2. What explains its dynamics?
 - a. What types of policies were pursued?
 - b. How consistent was accommodation?
 - c. Why were there changes in the dynamics of accommodation?
3. What do the dynamics of Iranian policy help us understand about potential long-term outcomes?
 - a. Why did Iranian policy not result in rivalry termination?
 - b. Why did Iranian accommodation not lapse back into full rivalry?

Secondly, it will relate the answers to these questions to key debates in the literature on rivalries, developing areas studies and Iranian politics. These debates are listed below. Although these debates are listed in the form of discreet questions, they are in many cases interrelated:

International Rivalry, 230.)

1. Does the decision to pursue accommodation result from a shock, or from some slower type of evolutionary change?
Are changes in the dynamics the result of shocks or evolutionary change?
2. Regardless of whether they take the form of a shock or evolution, what factors play the most important roles in explaining change?
What kind of causal roles do these factors play?
3. Which levels of analysis are most important in shaping accommodation?
Do factors at different levels of analysis play different causal roles?
4. Are decisions driven by external security, regime security, or ideological concerns?
5. How important is the role of individual preferences and psychological predispositions?
6. How important is leadership change?
7. What role did domestic political competition (factional politics) play in shaping foreign policy behavior?
8. How important was the end of the Cold War and in what ways?

Independent Variables

The next step in establishing the framework is to identify the causal factors that will need to be considered in this study. All of the theories discussed in the literature review add something to our understanding of foreign policy making. However, in terms of explaining the accommodative policies of regional challengers, certain factors are likely to be more analytically useful than others. These factors will be highlighted below, along with several potential factors that have not been previously discussed in the literature. As discussed above, they will be divided between the operational and the psychological environments.

Operational Environment

This discussion will begin with the international environment. Typically, the levels of analysis are examined from the top down beginning with the global level, also known as the international or dominant system. However, because the focus in this study

is on a conflict dyad, this discussion will begin with the bilateral level and then work up to the global level.

At the **bilateral level**, many studies have focused on Zartman's argument that there is a ripe moment for conflict resolution. In particular, they have emphasized the importance of a mutually hurting stalemate. This concept, however, involves three components –mutual, hurting, and stalemate. To be used in the present context, this concept needs to be unpacked and modified. Most importantly, the notion of 'hurting' needs further elaboration. That is to say, it is important to identify exactly what kind of pain is necessary to force a change in rivalry behavior. A hurting stalemate may mean that the rivalry is weakening a state in terms of its economic capacity, its domestic stability, or its political/military position, defined in terms of relative power, status and/or influence. Particular types of pain may prove more efficient as a stimulus, either alone or in combination. Moreover, there may be different patterns to accommodation, in terms of its dynamics and outcomes, depending on the type of pain that sparks the process. Finally, while the source of 'pain' may be the bilateral relationship, its impact may actually show up at different levels of analysis. Political instability, for instance, takes place at the domestic level. Therefore, evidence that the rivalry is hurting the regional challenger needs to be examined within the context of each level of analysis.

At the bilateral level, the rivalry is most likely to be hurting if the regional challenger is experiencing a *declining position within the rivalry*. As noted above, rivalries may involve different types of issues and more than one issue may be involved in any given rivalry. Thompson discussed positional and spatial rivalries. The Iranian-Saudi rivalry was not spatial, but there was a significant positional aspect to it. As will be

discussed in later pages, the rivalry also involved ideological competition and competition within OPEC. Decline along any one of these dimensions may have triggered the change in Iranian policy.

Zartman's concept also emphasizes that the pain has to be mutual, therefore driving both parties to the negotiating table. This is an important consideration, but because this study is only examining one of the two states in the dyad, only the 'pain' experienced by the regional challenger fits within the framework. Nevertheless, it is possible to take the rival's willingness to negotiate into account by incorporating Lebow's argument about the importance of *reciprocity*. To the extent that the Saudis are 'hurting' as well, they are more likely to reciprocate Iranian accommodation and strengthen the process.

The third component of Zartman's concept is stalemate, suggesting that neither party is capable of prevailing over the other. Once again this makes negotiations more attractive to both parties. However, as was the case above, this takes the dyad as the unit of analysis. To look at it from the perspective of the regional challenger, it is better conceptualized in Lebow's terms, which focus on the *possibility of escalation*. Again, Lebow focuses on the subjective aspect of the issue, arguing that escalation has to be discredited for accommodation to be pursued. However, this factor can be incorporated into the operational environment by examining it in terms of its objective attributes, such as the balance of power between the two states, or asymmetries in alliance support.

Finally, in addition to a mutually hurting stalemate, Zartman also argues that a recent or impending crisis will be necessary before one of the rivals decides to reevaluate their policies. At the bilateral level, such a crisis may involve an unwanted escalation in

the rivalry, or perhaps the sudden inability of the regional challenger to maintain the level of competition. Zartman's approach, of course, is consistent with the punctuated equilibrium model. The importance of a crisis will therefore receive significant attention in this study. The evolutionary perspective, in contrast, would suggest that, rather than a crisis, the costs of the rivalry may have a slow cumulative affect on the regional challenger.

At the **regional level** several factors need to be considered, including those carried over from the disaggregation of Zartman's concepts. First, a regional challenger may reevaluate its commitment to the rivalry if it is hurting them at a regional level. For instance, *political/military position* is declining at a regional rather than a bilateral level. This is likely to be particularly important if the rivalry is hurting the regional challenger's position in other regional rivalries. A near or impending *regional crisis* may also force a regional challenger to reevaluate its policies, particularly if maintaining the rivalry undermines its ability to cope with the crisis.

Regional trends may also play a role in influencing peacemaking. Given the limited degree of political liberalization in the region, particularly within the Iranian-Saudi dyad, the spread of democracies or liberalizing coalitions are not likely to have been a key factor. However, other types of regional trends may have had an impact. For instance, trends in *regional alignment* need to be considered. The post-Cold War trend toward bandwagoning with the United States fundamentally changed the pattern of alliances across the Middle East. With few Middle Eastern states being able to resist the pull of the US, a regional challenger such as Iran faced the possibility of losing important sources of regional support. A second type of regional trend worth considering would be

a trend toward *regional accommodation*. To the extent that other states in the region were engaged in peace processes and negotiations, they may not have been willing to maintain their alliances with states involved in active rivalries. Like the trend toward bandwagoning with the United States, this could have left hold-out regional challengers isolated.

The final level of the international environment is the **global level**. The dominant theme at this level is the *end of the Cold War* and the emergence of a one-power system, with the US at its head. This has had the potential to impact the behavior of regional challengers in a number of ways. First of all, as Miller argued, it greatly increased *America's ability to use coercive force against a regional challenger*. The decline of the Soviet Union has made it easier for the United States to intervene militarily in regional conflicts. Short of military intervention, the "new world order" has also made it easier for Washington to punish regional challengers by isolating them economically and diplomatically.

At the same time, the end of the Cold War also *enhanced Washington's ability to act as a mediator* to facilitate regional peace making efforts. The United States could provide economic and political incentives and as well as security guarantees to the parties. To an extent though, Washington's ability to play this role has probably been contingent on contextual factors. First, different types of rival may be an important factor. In spatial rivalries, where the territory in question provides a strategic advantage to the party that controls it, American security guarantees may be useful, if not necessary, before either side is willing to compromise on their claim. In an economic rivalry, the US may be able to provide compensation for any compromises the parties make. In positional

rivalries however, where the two parties are competing for influence, Washington may not be able to address the needs of the parties through either economic incentives or security guarantees. Similarly, in an ideological rivalry, the issues, such as Islamic legitimacy, may be outside the scope of American influence. Indeed, seeking American help may be counter-productive in some cases.

A second factor that may complicate American mediation is Washington's relationship with the regional challenger. If the relationship is particularly strained, it may be impossible for the United States to play a mediating role. Of course, friction with the US is part of the regional challenger syndrome. However, some relationships are more strained than others and the problems may be too deep to be put aside. American-Iranian relations are a case in point. There is a degree of hostility between Washington and Tehran that exists independently of Iran's rivalries with US allies, and it has made it difficult for them to deal with each other even when they have had a common interests.

The third factor related to the end of the Cold War is the *elimination of the Soviet Union as a potential super power ally*. While the Cold War was still active, regional powers could look to Moscow to balance American power and for support in their rivalries with US allies. As early as 1988, Moscow made it clear it was no longer interested in competing with the Americans for influence in the Middle East, putting an end to that strategic option. Although relations between Moscow and Tehran were strained at that time, the importance of this factor cannot be dismissed *a priori*. It may have been more palatable for Tehran to turn to the Soviet Union than to compromise with the Americans and the Saudis.

The final factor at the global level is the onset of economic and cultural *globalization*. Like the end of the Cold War, there is a strong temporal connection between the rise of globalization and the trend towards accommodation in the Middle East. Globalization could make accommodation more attractive for two reasons. First, the forces of globalization could undermine the regional challenger's ability to compete in the rivalry. Economic pressure could make the rivalry an unsustainable financial burden for the regional challenger. Globalization could also sap the rivalry of its popular support. New cultural influences could change the hierarchy of priorities within society. Consumerism, for example, could replace nationalist goals and values, or economic wealth could become the new measure of national prestige. Secondly, the globalization of the economy might also offer new opportunities for wealth and development. However, it may not be possible to take advantage of these opportunities if resources are diverted to the military, and/or foreign investors are scared off by the risk of conflict.

Within the **domestic environment**, there are also a variety of factors that could potentially impact rivalry behavior in general and accommodation in particular. To begin with, the pain from a hurting stalemate may be manifest in the domestic environment rather than at an international level. Generally speaking, this may take one of two forms, political or economic. A long standing rivalry may place significant demands on a state's population, particularly if the conflict is militarized and there is significant war damage and/or large numbers of casualties. The regime may be forced to reevaluate its commitment to a rivalry if the cost of maintaining its policies is *increased domestic political opposition*. The hurt may also come in the form of *economic decline*. A regional challenger may be forced to seek an accommodation if its economy will no longer support

its ability to compete in the rivalry, especially if the rivalry involves a costly arms race. A weak economy may also impact policy indirectly if economic hardships lead to increased political opposition. As discussed above, these pressures may slowly mount until they reach a tipping point, as the evolutionary literature would suggest. Or, as the punctuated literature argues, they may manifest themselves in the form of an acute crisis which acts as a shock.

The impact of domestic instability would appear, however, to be variable. Depending on the context, instability may lead to either increased or decreased assertiveness in foreign policy. Therefore, the third factor at the domestic level to be included in the framework is *regime consolidation*. Domestic instability in conjunction with regime consolidation is likely to lead to accommodation. However, if a regime is divided and/or does not have a firm grip over the country's territory, increased domestic opposition is likely to lead either to increased assertiveness or at least to rigidity in the rivalry. Regime consolidation is likely to be important not only in the decision to initiate accommodation, but also in the dynamics of the policy once it has started. A lack of consolidation may make it impossible for the regime to maintain accommodation in the face of opposition, or it may lead to an inconsistent policy. The regime may be forced to maintain a degree of assertiveness in some aspects of its policies to placate powerful political opponents. If the regime is not able to enforce discipline through the chain of command, it is also possible that policies will be sabotaged¹¹².

¹¹² There is plenty of precedent for including the question of political consolidation in the analysis of both Syrian and Iranian foreign policies. Observers, such as Daniel Pipes, have argued that Syrian policies have been constrained by the need to maintain domestic stability. Countless authors have argued that Iranian policy toward the US has been limited by various leaders' unwillingness to risk a hard-line backlash. In both cases then, this issue needs to be considered.

At the domestic level, it will also be necessary to consider leadership. Studying leadership typically involves examining individuals, and individual differences would seem to be something best considered as part of the psychological environment. However, there are important aspects of leadership that go beyond the psychological predispositions of individuals. First of all, Lebow suggests a *change in leadership* may have important implications for accommodation. The rise of a new government may remove domestic opponents to accommodation, or it may allow a new set of leaders to make a fresh start in foreign relations. Untainted by old policies, new leaders may be seen outside the country as potential peacemakers.

Secondly, *leadership type* cannot simply be understood in terms of psychological predispositions. Leadership type may reflect the idiosyncrasies of particular individuals, but they also emerge out of constituencies forged by political, economic and social forces. That is to say, different types of leadership represent the interests of different parts of society and the political system¹¹³. Not only does this relationship influence the goals of leadership, it influences the symbols they use to mobilize support and the style with which they conduct politics.

Although there are problems with this variable –which were discussed in earlier pages- examining leadership type may help illuminate the relationship between accommodation and domestic reform. Both Iranian President Hashemi Rafsanjani and Syrian President Hafez al-Asad were pragmatic leaders who pursued limited domestic reforms while overseeing the initiation of accommodation. Despite starting the process,

¹¹³ For instance, Anderson, Seibert and Wagner argue that even charismatic leadership -the most seemingly idiosyncratic form of leadership- emerges out of particular social and political conditions, specifically, crises and periods on instability. See: Roy Andersen, Robert F. Seibert, and Jon G. Wagner, *Politics and*

neither was able to consolidate a lasting accommodation. Muhammad Khatami, on the other hand, seemed to have succeeded where they failed. In Stein's terminology, Khatami's leadership style could arguably be described as legal-traditionalist. However, he would seem to fit more naturally among the liberalizers described by Solingen. When Khatami first came to power he was in fact compared to Mikhail Gorbachev. Both leaders came to power with ambitious ideas about changing their country's political and economic systems –new thinking, as it is often referred to. Although they may not have been liberal in the absolute sense of the term, they were liberal in the context of their political systems and pursued reforms designed to promote transparency and openness in their country's political and economic systems. Leadership type will therefore be considered in terms of two types: *pragmatic reformers* such as Rafsanjani and Asad, and *liberal reformers* such as Khatami.

Since accommodation was initiated by both pragmatic and liberal reformers, the distinction between the two types is not likely to be useful in explaining the start of the process. However, the distinction may be useful in explaining its dynamics and outcomes because there may be differences in the ways in which the two types of leadership pursue accommodation. Pragmatic reformers may pursue change cautiously, both at home and abroad. If they try to change too much and fail, they may jeopardize their own political future. If they try to change too much and succeed, they may undermine their own position in the system. If the situation seems uncertain, retreat may be their best option. Liberalizers, on the other hand, need to make significant changes to ensure their political future, along with that of their followers. Therefore, they may pursue both their domestic

Change in the Middle East : Sources of Conflict and Accommodation, 7th ed. (Upper Saddle River, N.J.: Pearson Prentice Hall, 2004).181.

and foreign policies more assertively. They may take larger risks and retreat may not be politically viable for them once the policy has been initiated. This dynamic is well illustrated in the Iranian case. Although Rafsanjani's reforms eventually stalled, he remained one of the most powerful figures in Iranian politics. As Khatami finished his second term as president, the reform movement was in disarray, and he was widely considered to be a political failure.

Psychological Environment

The literature includes several theories that emphasized the importance of psychological variables. The focus of this framework will be on four in particular, motivations, learning, expectations and perceptions.

Motivations clearly need to be examined if accommodation is going to be discussed in terms of achieving goals or protecting interests. Based on the literature discussed earlier, it would appear that the decision to pursue accommodation will be closely linked to the prospect of *potential losses*. Rather than absolute or relative gains, virtually all of the works that dealt with conflict resolution singled out losses or decline as a key factor in their analysis. In addition, it is also likely that the aversion to losses will be important in terms of the dynamics of accommodation. Stein's analysis of Egyptian policy, for instance, argued that loss aversion was the dominant concern in shaping Sadat's negotiating position. That is to say, once Sadat had begun the process of establishing an accommodation with Israel, his commitment to maintaining a stable, consistent accommodation was a function of his desire to avoid future losses¹¹⁴.

¹¹⁴ Stein, "The Political Economy of Security Agreements: The Linked Costs of Failure at Camp David," 87-90.

The literature is inconclusive, however, in terms of what kind of losses are to be avoided. As discussed in the previous chapter, the theoretical literature points in different directions. Realism emphasizes the predominance of external security concerns, the weak-state/fragmented-society literature emphasizes state building and regime security (i.e. domestic political concerns) and the dependency literature emphasizes economic development and independence. At the same time, there is a significant body of literature on foreign policy making in the Middle East that emphasizes the importance of ideology. Unfortunately, the literature specifically on the Islamic Republic does little to settle the question. Iranian policy has typically been explained in terms of ideology¹¹⁵. However, it has also been argued that Islamic Republic has become increasing realist over the years¹¹⁶. Some authors have also suggested that economics has gained in importance, particularly in the 1990s as the country tried to rebuild after the war with Iraq. Other authors, though, have argued that there is no clear pattern. Rather than a consistent hierarchy of interests, Iranian foreign policy is said to be driven unpredictably by a mix of ideology and factional infighting. As an example, they point to the Salman Rushdie fatwa of 1989. Just as Iran began signaling a more moderate foreign policy, Khomeini's decree and the subsequent bounty put on Rushdie's head plunged the country back into a diplomatic crisis.

Rather than inconsistency or irrationality, it may be possible that the ordering of Iran's interests is more complex than the traditional single-file hierarchies discussed in

¹¹⁵ Even contemporary Iranian foreign policy is often explained in terms of Khomeini's ideological vision and radicalism. See for example: Barry Rubin, "Iran: The Rise of a Regional Power," vol. 10, no. 3 (September 2006): <http://meria.idc.ac.il/journal/2006/issue3/jv10no3a10.html> (accessed June 25, 2009). See also: Arshin Adib-Moghaddam, "Islamic Utopian Romanticism and the Foreign Policy Culture of Iran," *Critique: Critical Middle Eastern Studies*, vol. 14, no. 3 (Fall 2005): 265–292.

¹¹⁶ Ramazani, "Ideology and Pragmatism in Iran's Foreign Policy."

the literature. Drawing from the works of David, Hinnebusch, and Stein, it will be suggested here that they are organized in a loose two-tier system that is contingent on context and the desire to avoid absolute losses. The first tier is comprised of national (realist) and regime security. Although regional challengers such as Iran have achieved a significant degree of political consolidation, they still struggle with domestic politics and threats to the security of the regime. Therefore, they are not necessarily in a position to consistently prioritize realist security concerns. At the same time, though, because they are engaged in strategic rivalries, domestic threats cannot be assumed to be more acute than external threats¹¹⁷. Therefore, one issue area may not be privileged *a priori* over the other. The second tier is made up of economics and ideology. Although second tier issues may remain highly valued, the decision maker's first order of business must be staying in power and maintaining the security of the state. If these two basic goals are not met, all other issues are moot. The only time the second tier issues take precedence is when they have direct implications for one or both of the first tier issues. For instance, economics may rise to the fore if a government cannot maintain a minimum level of military expenditures, or if unemployment and poverty give rise to political instability. Similarly, ideology may dominate the agenda if it is needed to mobilize or bolster political support for the regime. It is likely that as a regime becomes increasingly consolidated, the need to use ideology and nationalist symbols to preserve regime security will decrease. As Hinnebusch suggested, the more consolidated the political system, the more pragmatic and "rational" foreign policy is likely to be¹¹⁸.

¹¹⁷ David, "Explaining Third World Alignment," 239.

¹¹⁸ Hinnebusch, "Omni-Balancing Revisited Syrian Foreign Policy Between Rational Actor and Regime Legitimacy," 15.

Within the two tiers, priorities are likely to be fluid. Precedence will be given on the basis of threat-perception; with the value most threatened receiving the most attention. When trade-offs need to be made within the first tier, the regime will try to maintain a balance between the two issue areas rather than maximizing one to the detriment of the other. Minor compromises will be accepted, but absolute losses will be avoided. Indeed, the potential for absolute losses in either issue area would likely be the decisive factor in determining priorities in any given situation. The hierarchy in the second level will depend primarily on the demands of protecting first tier values. To the extent that ideology or economics play a role in maintaining regime security or national security, they will get priority. All things being equal in terms of their implications for the first tier, the regime is likely to seek a balance between them wherein neither is maximized to the detriment of the other. In this respect, this approach to understanding goes beyond David's principle of omni-balancing. Although David did not rule out the importance of external threats, he did not specify which threats would get precedence when both were present¹¹⁹.

The logic of this two-tier hierarchy is loosely consistent with non-compensatory, poliheuristic models of decision-making in value-complex environments. In situations where choices have to be made between highly valued goals, decision making involves two stages. In the first stage, politically unacceptable alternatives are dismissed. In the second, an attempt is made to choose a course that strikes a balance between the values at stake. In this case, the first stage of decision making involves dismissing alternatives that involve absolute losses in one of the two first tier issue areas. In the second stage, an alternative is chosen that involves balancing competing interests rather than maximizing

¹¹⁹ David, "Explaining Third World Alignment," 242.

one in particular¹²⁰. The present study, however, does not provide a formal model of decision making, or provide enough precision to act as a proper test of the poliheuristic theory. However, this more flexible hierarchy will hopefully make it possible to understand the complex fluctuations in Iranian policy.

The second major subjective factor included in this framework is drawn primarily from Wohlforth and Lebow. Both authors argued that *expectations* about the future would have an important role in shaping policies. Wohlforth points out that policy decisions are based not only on the immediate situation, but also reflect judgments about future trends¹²¹. Such expectations may focus on realist issues, such as the balance of power, as Wohlforth suggests. Or, they may involve expectations about the future of domestic politics or the state of the economy. In the context of Lebow's argument, expectations are important in respect to the future behavior of the opponent; specifically the likelihood that they will reciprocate an accommodative overture.

The third psychological factor that will be examined in this study is *learning*. Since the behavior being examined here is part of a larger pattern that stretches across several states, it would appear that the environment is driving state behavior rather than individual learning. Nevertheless, there is some literature to suggest that the initial leadership of the Islamic Republic was relatively inexperienced and went through a very steep learning curve over the course of the 1980s. Moreover, learning is a key variable in the evolutionary model of rivalry behavior, and excluding it from the analysis would weaken any test of that approach.

¹²⁰ For a detailed explanation of non-compensatory, poliheuristic models of decision-making, see: Alex Mintz, "How Do Leaders Make Decisions? A Poliheuristic Perspective," *Journal of Conflict Resolution*, vol. 48, no. 1 (February 2004): 3-13. See also Astorino-Cortois and Trusty, "Degrees of Difficulty: The Effect of Israeli Policy Shifts on Syrian Peace Decisions," 360-362.

Finally, some consideration will also be given to *perceptions*. Wohlforth argues that perceptions fill the gaps between observed behavior and the indeterminacy of realism. These gaps may develop because it takes time for leaders to adjust (i.e. learn) to changes in the objective environment, or because leaders occasionally make mistakes¹²². As Wohlforth also points out, power calculations may involve intangibles -such as domestic cohesion and perhaps resolve¹²³. To the extent they do, there is a subjective, perceptual element to them. For the most part, this study will assume that leaders operate within the confines of bounded rationality. They have a reasonably accurate understanding of the world around them although they do not enjoy perfect knowledge nor are they immune from mistakes. Practically speaking, this means that perceptions will be noted in this study when the situation is particularly ambiguous or when there is evidence of misperceptions influencing policy decisions.

¹²¹ Wohlforth, "Realism and the End of the Cold War," 98.

¹²² Clearly, in 1967 no one expected such a one sided military victory by Israel. Similarly, Saddam Hussein misread the situation prior to the invasion of Kuwait.

¹²³ Wohlforth, "Realism and the End of the Cold War," 97-98.

| Causal Variables | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operational Environment | | Psychological Environment |
| <i>International Level</i> | <i>Domestic Level</i> | |
| <ul style="list-style-type: none"> 1. Bilateral <ul style="list-style-type: none"> a. Decline within Rivalry b. Reciprocity c. Possibility of Escalation d. Recent or Impending Crisis 2. Regional <ul style="list-style-type: none"> a. Declining Political/Military Position b. Regional Trends <ul style="list-style-type: none"> i. Alignment ii. Accommodation c. Recent or Impending Crisis 3. Global <ul style="list-style-type: none"> a. End of the Cold War <ul style="list-style-type: none"> i. US Punishment ii. US mediation iii. Loss of Soviet Support b. Globalization | <ul style="list-style-type: none"> A. Instability <ul style="list-style-type: none"> a. Political Opposition b. Economic Decline B. Leadership Change C. Leadership Type <ul style="list-style-type: none"> a. Pragmatic Reformers b. Liberal Reformers | <ul style="list-style-type: none"> 1. Motivations <ul style="list-style-type: none"> a. Losses versus Gains b. Hierarchy of Interests 2. Learning 3. Perceptions |

Table 2: Causal Variables

Causal Roles

This analysis will adopt the approach taken by Zartman and Lebow in that it will work from the assumption that multiple causal factors will be involved in shaping behavior. Zartman and Lebow, however, do not consider how the different factors they discuss play different roles. They simply list them as prerequisites or necessary conditions for policy change to occur. This analysis will take their multi-causal approach a step further by categorizing causal factors in terms of the different ways in which they shape

behavior. Three types of causal role will be considered in this study: stimulus, permissive, and motivating¹²⁴.

Stimulus factors act as a trigger for policy change. They involve some type of change in the environment which provides the impetus for a state to alter its policies. Punctuated equilibrium models, for instance, focus specifically on the role of stimulus factors because they emphasize the impact of “shocks” that force states to change their behavior.

Permissive factors involve opportunities and constraints on state behavior. They play their role after the stimulus has occurred by shaping how the state responds to the change in its environment. For instance, anticipated reciprocity would act as a permissive factor because it represents an opportunity.

Finally, *motivating factors* involve the goals and priorities of decision makers. In general, motivations can shape behavior in two ways. The first is really best considered as part of stimulus causality. The second, however, represents a specific type of causal influence. Motivations can provide decision makers with specific goals for policy making. Changing motivations can therefore lead to changes in policy. In this respect, they are a stimulus factor. Motivations can play a separate type of causal role, however, when they act as modifiers, influencing the way decision-makers perceive and react to factors in the objective environment. The goals and priorities held by decision-makers make them more or less sensitive to potential stimulus factors and influence the way they weigh opportunities and constraints (permissive factors). For instance, to the extent that states are driven by realist political/military concerns, changes in the balance of power

¹²⁴ See: Noble, “Systemic Factors Do Matter, But... Reflections On The Uses And Limitations of Systemic Analysis,” 35.

will be particularly salient as a stimulus. If prospect theory is correct, then a deteriorating balance of power will be especially salient to a state where realist concerns predominate. Similarly, permissive factors will be seen through the lens of motivations. A state with an ideological agenda may be less concerned with the military costs of a policy option than a state with a realist set of goals and priorities.

The interaction of these causal factors is illustrated below in Figure 1. It is, in fact, very simple. A change in either the operational or psychological environment (stimulus factor) forces the state to reconsider past policies and, based on the existing opportunities and constraints in the environment (permissive factors), a coping strategy is chosen (maintain current policy within rivalry, initiate accommodation, or escalation within the rivalry). Motivating factors play a mediating role in terms of both stimulus causality and permissive causality because the state's policy goals, its hierarchy of priorities and its sensitivity to losses/gains determine the saliency of the stimulus and inform the cost-benefit calculations made when permissive factors are being appraised.

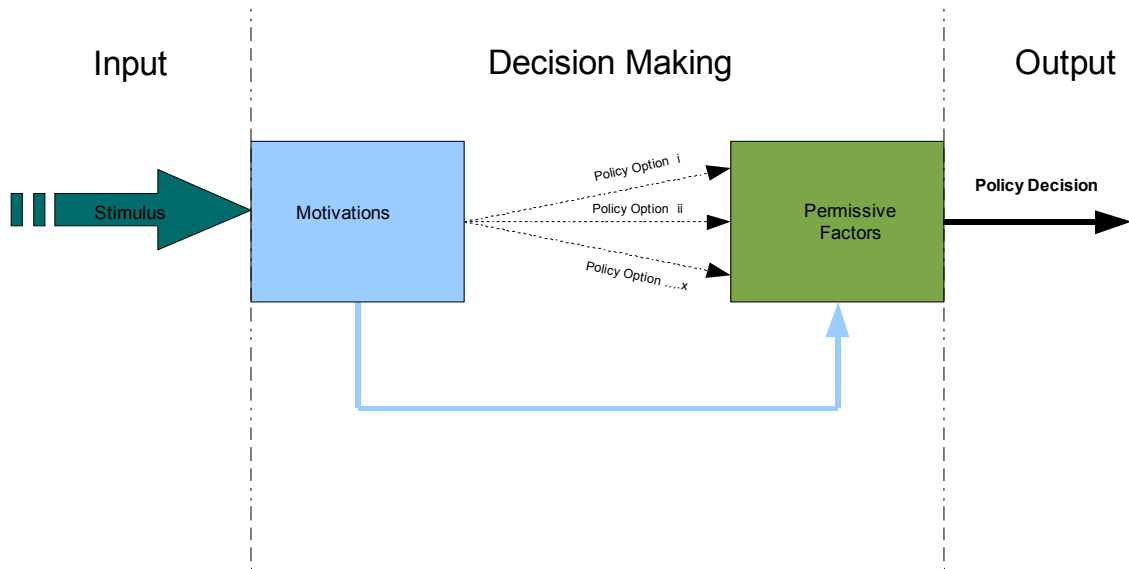


Figure 1: The Interaction of Causal Roles

Breaking down the independent variables into their causal roles has a series of advantages over simple mono-causal, stimulus-response explanations. Obviously, this approach allows for more descriptive detail. More importantly given the number of potential causal variables identified in the literature, it will make it easier to distinguish between competing and complementary hypotheses, and make judgments about the relative importance of particular variables. For instance, an argument emphasizing regime security would be competing with a realist argument if they were both trying to explain the stimulus for a change in policy. However, if a threat to regime security was the stimulus for policy change and the balance of power represented a constraint on policy options, they would be complementary. Finally, as the preceding example illustrates, breaking the independent variables down into their respective causal roles also allows us to develop a more subtle understanding of how factors from different levels of analysis interact.

| <u>Causal Variables</u> | <u>Causal Roles</u> | <u>Dependent Variables</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: center;">Operational Environment</p> <p><i>International Level</i></p> <p>A. Bilateral</p> <ol style="list-style-type: none"> 1. Decline within Rivalry 2. Reciprocity 3. Possibility of Escalation 4. Recent or Impending Crisis <p>B. Regional</p> <ol style="list-style-type: none"> 1. Declining Political/Military Position 2. Regional Trends 3. Alignment 4. Accommodation 5. Recent or Impending Crisis <p>C. Global</p> <ol style="list-style-type: none"> 1. End of the Cold War <ol style="list-style-type: none"> i. US Punishment ii. US mediation iii. Loss of Soviet Support 2. Globalization <p style="text-align: center;"><i>Domestic Level</i></p> <ol style="list-style-type: none"> 1. Instability 2. Political Opposition 3. Economic Decline 4. Leadership Change 5. Leadership Type <ol style="list-style-type: none"> i. Pragmatic Reformers ii. Liberal Reformers <p style="text-align: center;">Psychological Environment</p> <ol style="list-style-type: none"> 1. Motivations <ul style="list-style-type: none"> Losses versus Gains Hierarchy of Interests 2. Learning 3. Perceptions | <ol style="list-style-type: none"> 1. Stimulus Factors 2. Permissive Factors <ol style="list-style-type: none"> a. Opportunities b. Constraints 3. Motivating Factors <ol style="list-style-type: none"> a. Hierarchy of Values <ol style="list-style-type: none"> i. Realist ii. Omni-balancing iii. Ideology iv. Economics v. Two-tier, non-compensatory poliheuristic b. Sensitivity to losses versus gains | <ol style="list-style-type: none"> 1. Initiation 2. Dynamics <ol style="list-style-type: none"> a. Type of Policy <ol style="list-style-type: none"> i. Behavioral ii. Substantive b. Consistency 3. Long-term Outcomes <ol style="list-style-type: none"> a. Accommodation Discontinued b. Rivalry Termination |

Table 3: Variables and Causal Roles

The dependent variables, potential independent variables, and causal roles are detailed in Table 3 above. This list is complex and somewhat unwieldy. Therefore, before moving on to the case study, it will be useful to briefly examine both the initiation and dynamics of accommodation and indicate which causal factors are likely to play which

type of causal roles. This will make it possible to establish the main theoretical competitions within each type of causal relationship. Also, while the theoretical material discussed in earlier pages is too fragmented to provide the basis for firm hypotheses at this point, it is possible to identify some causal factors that are particularly promising.

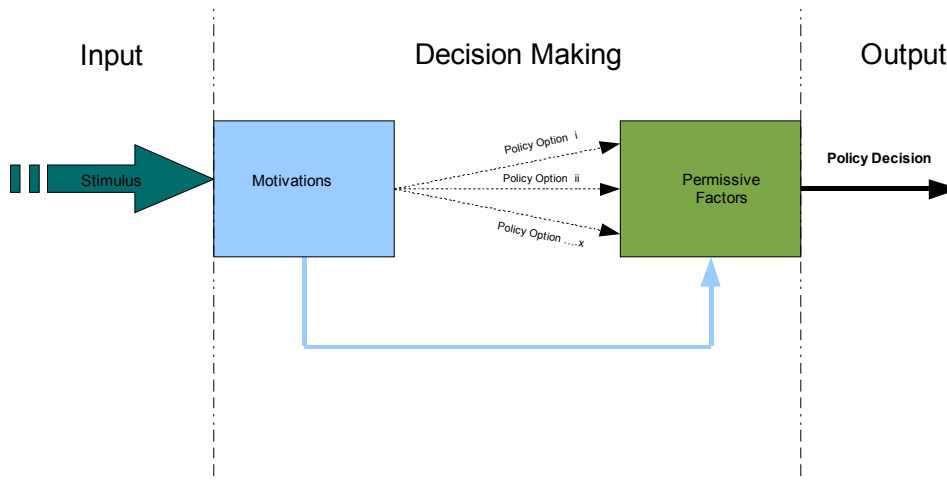
Initiation

The number of potential variables involved in the initiation of accommodation can be narrowed if it is assumed that Iran's *motivations* fit the pattern discussed earlier in the framework. That is, rather than a simple hierarchy, Iran's priorities are organized in a two-tier system operating in a way consistent with non-compensatory, poliheuristic models of decision-making. The *stimulus* therefore, is more likely to involve a threat to one of the regime's first tier concerns (regime security or national security) than second tier concerns (economic or ideological goals). This still leaves open the question of shocks versus incremental change (PE versus evolutionary models). Adopting this assumption also does not make distinctions between the various levels of the international environment (bilateral, regional, or international). Alternatively, it is possible that change will come within the leadership, either by new leaders emerging with new interpretations of national and/or regime security, or by old leaders learning new interpretations over time. The former, of course, would represent a shock, while the latter would represent evolutionary change. Finally, how the stimuli are perceived will be just as important as their objective presence or absence.

Among the *permissive factors*, anticipated reciprocity is likely to be a vital factor. Unless decision makers believe that their adversary will respond in kind, accommodation

is not going to be an attractive policy option. Beyond reciprocity, the assumptions made above provide some clues as to what will be important. Factors that touch upon first tier issues are likely to play the largest role shaping behavior. For instance, if the cost of escalation poses a threat to either regime or national security goals, that option would only be chosen under extreme duress. On the other hand, decision makers will not be as adverse to policy options that sacrifice ideological or economic goals, as long as the impact does not extend to first tier concerns. This may be a particularly important consideration if there are ideological obstacles to pursuing an accommodation within the rivalry. Overall, accommodation will likely be a policy intended to balance various concerns rather than maximize one set of objectives. To the extent that motivations and decisions are managed in a way similar to non-compensatory, poliheuristic models, decision-makers will try to address their primary concerns without permanently sacrificing other goals.

As was the case with stimulus factors, making these assumptions about motivations does not clarify every issue. First, leadership type may play an important role because even though they all focus on first tier issues, different types of leaders may have different interpretations of regime and national security. Secondly, there may be institutional constraints on policy choices. A leader may wish to pursue accommodation for instance, but lack the political control to actually change policy. Finally, third-party mediation may influence the course of events by offering rewards for some policy choices and threatening to punish others.



| Stimulus Factors Potential Causal Variables | Motivating Factors Potential Causal Variables | Policy Options | Permissive Factors Potential Causal Variables | Policy Output |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Threat to either regime security or national security. a. The threat may be in the form of a shock or evolutionary change. b. It may operate at one or more of the possible levels: i. Declining Bilateral position ii. Declining Regional Position iii. Declining Domestic Position 2. Change in Leadership (shock) 3. Learning (evolution) *Perceptions | 1. Hierarchy of Priorities: Two-tier non-compensatory poliheuristic model 2. Losses prioritized over Gains | 1. Pursue Accommodation 2. Maintain Policy 3. Escalation | 1. Anticipated Reciprocity 2. Escalation discredited due to either: a. Domestic costs b. Political/Military costs 3. Leadership Type 4. Policy Control 5. 3 rd Party involvement *Perceptions | |

Figure 2. Initiation

This process is illustrated above in Figure 2. based on the assumption that regime motivations will be consistent with the two-tier non-compensatory poliheuristic model of decision making, certain factors were identified as being more likely to be involved in shaping behavior. These are highlighted in the accompanying table. The other factors fall

into one of two categories. They are either competing explanations or they represent aspects of the highlighted variables that cannot be deduced a priori. For instance, a threat to the state's political/military position could emerge in the form of a shock or evolutionary change. These are questions that will be explored in the analysis of the case study.

Dynamics

Discussing the dynamics of accommodation is slightly more complex than discussing its initiation because there are a wider variety of policy choices to be made. Once the decision has been made to pursue accommodation, the process can vary in terms of the types of policies chosen and their consistency. This complexity can be managed, however, by focusing on points in time where the dynamics of accommodation change, and applying the same framework as used above. As was the case with initiation, the interaction between motivating and stimulus factors will explain when and why policy changes, while the interaction between motivating factors and permissive factors will explain the nature of those policy changes.

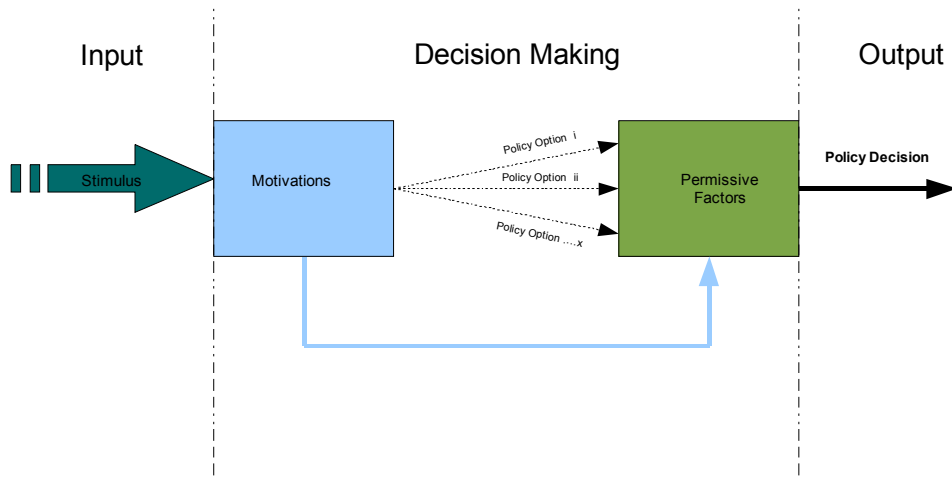
The same factors that were discussed as potential *stimuli* in the initiation of accommodation could also spark changes in the way it is pursued. For instance, new threats to regime security or national security could force the regime to abandon or adjust the way it pursues accommodation. Similarly, a change in leadership could lead to a change in policy. Finally, learning may also play a stimulus role. As the regime gains experience with accommodation as a coping strategy, it could learn new ways to implement the policy more effectively.

If all else remains the same, it is also possible that changes in the factors that played permissive roles in the initiation stage will play a stimulus role in terms of dynamics. In particular, changes in the level of reciprocity or new opportunities for escalation may lead the regime to alter the way it pursues accommodation or even abandon the policy altogether. If the same assumptions are made about the nature of regime *motivations*, then it can be expected that stimuli that impact first-tier issues are likely to have the largest influence. This is a particularly important consideration when the stimulus involves changing levels of reciprocity. How much reciprocity the regime wants as well as the kind of reciprocity it wants will depend on its motivations.

How the regime responds to these changes will be conditioned by *permissive factors* along with motivations. There are too many possible permutations to list them all here, but several examples can be used to illustrate the process. For instance, if there is a change in reciprocity which leaves the regime dissatisfied, the regime's response may depend on the viability of escalation. If escalation is likely to be too costly, instead of abandoning accommodation, the regime may choose to pursue a more mixed policy that includes some elements of assertiveness along with accommodation. The interaction between changes in reciprocity and the viability of escalation may therefore help explain the consistency of accommodation. Conversely, if reciprocity is satisfactory, or even improves over time, other factors may place limits on how far the regime can take accommodation. For instance, the type of accommodation pursued as well as its consistency may be limited by domestic political competition or lack of institutional control. Leadership type may also play a role. Pragmatic reformers may be less willing than liberal reformers to expand accommodation.

The impact of permissive factors will of course be mediated by motivating factors. Assuming the two-tier model of motivations discussed above, the dynamics of accommodation will likely be tailored to strike a balance between competing concerns. Rather than maximizing one set of issues, policies will be designed to minimize losses, particularly in the two core issue areas, regime security and national security. Therefore, in general, constraints are likely to have a larger impact than opportunities. More specifically, policy options that risk absolute or permanent losses in terms of regime security or national security are likely to be discounted no matter what other type of payoff they are likely to secure. This has important implications for the role of reciprocity. Rewards that involve secondary concerns (economic or ideological goals) are likely to have limited value as incentives unless primary concerns are addressed as well. Furthermore, it is unlikely that the regime will trade rewards in one of the primary issue areas for permanent or absolute losses in the other unless the regime faces catastrophic losses in both.

These processes are illustrated below in Figure 3. As was the case in the previous figure, certain factors are highlighted because they appear especially likely to be important. The impact of the other factors remains will be examined in the case study.



| Stimulus Factors Potential Causal Variables | Motivating Factors Potential Causal Variables | Policy Options | Permissive Factors Potential Causal Variables | Policy Output |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Threat to either regime security or national security. a. The threat may be in the form of a shock or evolutionary change. b. It may operate at one or more of the possible levels: 2. Change in Leadership (shock) 3. Change in the Level of Reciprocity 4. New Opportunities for Escalation 5. Learning (evolution) *Perceptions | 1. Hierarchy of Priorities: Two-tier non-compensatory poliheuristic model 2. Losses prioritized over Gains | 1. Types of Policy i. Behavioral ii. Substantive 2. Consistency | 1. Anticipated Reciprocity 2. Escalation discredited due to either: a. Domestic costs b. Political/Military costs 3. Leadership Type 4. Domestic Competition 5. Policy Control 6. 3 rd Party involvement *Perceptions | |

Figure 3. Dynamics

Conclusion

In the preceding pages a framework was developed to analyze policies of accommodation within strategic rivalries. This framework was designed to deal with two specific problems. First, because accommodation has not been studied systematically, dependent variables needed to be conceptualized and defined. Although the initiation of accommodation paralleled established concepts such as conflict resolution and rivalry termination, the dynamics of accommodation needed to be unpacked and the core dimensions identified.

Secondly, the framework had to organize the variables identified in the rivalry and conflict resolution literature. Because both sets of literature are somewhat fragmented and because there are so many plausible independent variables to consider, it was insufficient to organize them simply in terms of different levels of analysis. The framework developed above therefore organized the different variables in terms of their potential causal roles. Not only does this allow for a better appreciation of how different independent variables interact, it makes it possible to identify competing and complimentary hypotheses.

In the following pages this framework will be used to examine Iran's policies of accommodation toward Saudi Arabia. The first section will analyze the initiation of Iranian accommodation while the second will examine the dynamics of the policy between 1989 and 2001.

Part 2

The Initiation of Iranian Accommodation towards Saudi Arabia

The initiation of Iranian accommodation toward Saudi Arabia will be analyzed in the following manner. In the first section the Iranian-Saudi rivalry will be examined prior to the initiation of accommodation. This discussion will focus on four issues. First, did the relationship meet Thompson's definition of a strategic rivalry? Second, what type of rivalry was it? Specifically, the discussion will examine the types of issues involved in the rivalry: was it spatial, positional, ideological, economic, or mixed? Third, the discussion will turn to the age and intensity of the rivalry. Fourth, and finally, the involvement of the United States will be discussed. The US role is a key component in this rivalry not only because it backs Saudi Arabia but because the unusually intense animosity between Washington and Tehran makes the relationship particularly asymmetric.

There are several reasons for examining these issues. First, it is necessary to establish that the case does indeed fit the pattern set out in the Introduction. Secondly, describing the rivalry in its heated formative years will put the subsequent attempts at accommodation in context. It will make it easier to understand the significance of particular policies and statements, and it will provide a baseline against which changes in intensity can be judged. Finally, examining the various dimensions of the rivalry (types of issues, age, intensity, and US role) will make it possible to classify the rivalry and make appropriate comparisons with other cases.

In the second section, the initiation of Iranian accommodation will be described and analyzed. This initiative will be dated as beginning in October of 1988. Although the policy was tentative at first, and did not really take firm hold until 1990, it will be argued that a significant change in Iran's strategy within the rivalry was evident at this point.

In the third section, the initiation of accommodation will be examined in terms of each of the three types of causality discussed in the analytical framework. The analysis will begin with motivating factors and then move on to stimulus factors and permissive factors. This section will conclude with a summary of the key arguments and a discussion of how the different types of causal factors interacted.

1. The Iranian-Saudi Rivalry: 1979 to 1988

Thompson has three criteria for defining a strategic rivalry. The states involved must perceive each other as competitors, they must perceive each other as a source of actual or latent threats that pose some possibility of becoming militarized, and finally they must perceive each other as enemies. As of 2001, Thompson had coded Iranian-Saudi relations as a strategic rivalry dating back to the revolution (1979)¹²⁵. Indeed, looking back at the relationship during this period, one can find evidence that the two states were competitors in multiple issue areas. First, Tehran and Riyadh were competitors for political/military influence in the Persian Gulf. In fact, this element of competition predates the revolution. Iran and Saudi Arabia, along with Iraq, are the largest of the Gulf States. Competition was largely suppressed while Great Britain maintained a military presence in the area. However in 1971, when the British withdrew, the three states all tried to extend their influence. Iran, under the Shah, made claims on Bahrain as well the islands of Abu Musa, and the Greater and Lesser Tunbs. As part of Nixon's "Twin Pillar" approach to Gulf security, Iran also built up its military and assumed the role of

‘Gendarme’ of the Persian Gulf. In the early 1970s for instance, the Shah sent troops to Oman to help combat the communist Dhofar insurgency. The Saudis, for their part, backed the smaller Arab states in their territorial disputes with Iran and tried to organize them into an alliance with Riyadh at the center. Iraq also tried to exert its influence in the area but found itself cut-off because of its radical Arab nationalist, anti-monarchical rhetoric¹²⁶.

Until the revolution, their competition had been restrained because both states shared a close relationship with Washington and an aversion to Iraq and other radical Arab nationalist states. When the regime changed in Tehran, this changed dramatically. The hostage crisis ended Iran’s alignment with the United States and, once the radical clergy began exporting their revolution, the new Islamic Republic became more ideologically threatening to the Saudis than Iraq. Indeed, the export of Iran’s revolution added a new dimension to their competition. The two states became competitors for primacy in the Islamic world. Saudi Arabia relied on its status as guardian of Mecca and Medina and its stewardship of the Hajj for international prestige and influence. Iran challenged this position by arguing that the Saudi royal family had become corrupted by wealth, power, and its relationship with the United States. In the Iranian rhetorical attacks, the Saudis were accused of practicing “American Islam”¹²⁷. As an alternative, the Iranians offered a model based on direct rule by the clergy and opposition to the West. At first, the Iranian government tried to assume the leadership mantle by using incendiary rhetoric and supporting Islamic militant groups throughout the region. Although the

¹²⁵ Thompson (2001) 572.

¹²⁶ Ahmad Hashim, “Iraq and the Post-Cold War Order,” in Mohammed E. Ahrari and James H. Noyes, *The Persian Gulf after the Cold War* (Westport, Conn.: Praeger, 1994).102.

Islamic Republic later cut back on these activities and vowed to export its revolution through example rather than internal meddling, Iran nevertheless remained a competitor for influence in the Islamic world. Its appeal was greatest among the Shi'a of the region, but many Sunni groups also looked toward Iran as a model of clerical rule, even if Khomeini's theory of the *Veleyate-i-Faqih* did not specifically apply to their sect of Islam.

Iran and Saudi Arabia were also competitors within OPEC at this time, although the competition was somewhat one-sided. OPEC is able to influence oil prices by controlling the supply-side of the supply-demand equation. Its principal function therefore is to set a production ceiling for its members and then allot production quotas. Saudi Arabia, because of its vast reserves, has preferred a high production ceiling and lower prices. This strategy avoids driving consumers to alternative forms of energy and, while it keeps the profit per barrel lower, Saudi Arabia has been able to meet its budget needs through mass exports and a secure market share. Iran, on the other hand, has preferred to maximize its immediate profits, particularly in the 1980s. Once the war with Iraq had begun, Iran desperately needed oil income to bankroll its war effort. The war, as well as domestic turbulence, also scared away badly needed investment in the oil industry. With extraction capacity lagging, the Islamic Republic needed to get every possible dollar for each barrel of its oil. Not surprisingly, Iran also wanted a higher quota for itself and complained vigorously when the Saudis refused to reduce their output.

¹²⁷ Henner Fürtig, *Iran's Rivalry with Saudi Arabia between the Gulf Wars*, 1st ed., Durham Middle East Monographs Series (Reading, UK: Ithaca Press, 2002).222-225.

Moreover, Iran also believed the Saudis were favoring Iraq while setting pricing and quota levels¹²⁸.

Iran was nevertheless a much weaker partner in OPEC. Saudi Arabia has often been referred to as OPEC's swing producer. Because of Saudi Arabia's reserves, it has been able to unilaterally increase or decrease the price of oil by manipulating its own output. This makes it the most powerful actor in the cartel. Iran, on the other hand, has only been able to help organize other price "hawks" to pressure Riyadh. Sometimes this has worked, but if the Saudis are truly committed to a particular policy, Iran cannot stop them. For instance, in 1986 Saudi Arabia flooded the market with cheap oil to punish those states that had been cheating on their OPEC quotas¹²⁹. The subsequent drop in oil prices was disastrous for Iran and other member states, but there was little they could do about it.

Although there were multiple dimensions of competition, on the whole the rivalry could be classified as a positional rather than a spatial rivalry. Iran and Saudi Arabia competed for political/military influence within the Persian Gulf, for status within the Islamic world, and for dominance within OPEC. However, they did not compete directly to control territory. Unlike the various rivalries within the Arab-Israeli conflict, there were no competing land claims. Ironically, while there are a multitude of border and territorial disputes within the Persian Gulf, none of them are between Iran and Saudi

¹²⁸ See: Hooshang Amirahmadi, "Iranian-Saudi Relations Since the Revolution," in Hooshang Amirahmadi and Nader Entessar, *Iran and the Arab World* (New York: St. Martin's Press, 1993).143-146. See also: Anthony H. Cordesman, *The Gulf and the West : Strategic Relations and Military Realities* (Boulder London: Westview Press ; Mansell Pub., 1988).427.

¹²⁹ Amirahmadi, "Iranian-Saudi Relations Since the Revolution," 143.

Arabia¹³⁰. Furthermore, while both parties sought primacy in the Persian Gulf, neither party claimed the territory as their own.

After the revolution, the Iranian-Saudi relationship also met Thompson's second criteria: they considered each other a threat and, particularly after the outbreak of the Iran-Iraq war, the potential existed for military conflict. Saudi Arabia, along with the other GCC states supported Iraq during the war, provoking Iran's wrath. Although Saudi Arabian territory was not directly attacked during the war, Iran fired silkworm missiles at its neighbor Kuwait in September of 1987, and earlier an intruding Iranian F-4 was shot down by Saudi forces in 1984¹³¹.

The tanker war also raised the possibility of direct conflict. In April of 1984, Iran began targeting neutral shipping, including Saudi tankers. The tanker war not only involved attacks on Saudi assets; Riyadh also began cooperating with American efforts to patrol the Persian Gulf and re-flag Kuwaiti tankers. A direct conflict between the two states might have emerged in the context of these operations, or Iran might have retaliated against the Saudis for their support of the US.

While there was a possibility that the war would be expanded to include Saudi Arabia, there was another dimension to the threat that this situation posed for the Saudis. As discussed in earlier pages, the literature on rivalries focuses on the potential for conventional warfare, but in the developing world political warfare can be just as important. Rather than invading Saudi Arabia, Iran had the power to destabilize the

¹³⁰ For a discussion of this issue, see: Sharam Chubin and Charles Tripp, "Domestic Politics and Territorial Disputes in the Persian Gulf and the Arabian Peninsula," *Survival* vol. 35, no. 4 (Winter 1993): 3-27. For specific details on Iran's borders in the regions, see: Hooshang Moghtader, "Iran's International Boundaries," *The Iranian Journal of International Relations* 5, 1 (Spring 1993): 202-207.

¹³¹ Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 384. For a description of the Kuwaiti incident, see: Amirahmadi, *Iran and the Arab World*, 144.

domestic environment and possibly topple the regime. Saudi Arabia was vulnerable to Iran on this count in two ways. First, the Islamic Republic could provide support and encouragement for militants among the country's Shi'a minority. There was in fact, a period of rioting among the Saudi Shi'a population shortly after the revolution and Iran was widely believed to be involved in the 1981 Shi'a rebellion in Bahrain¹³². Although Saudi Arabia's Shi'a community is too small and too geographically concentrated to overthrow the government, they populated the state's oil rich Eastern Province. Significant instability in this region would threaten one of the cornerstones of the regime, its oil income.

Secondly, after the revolution, Iran had been able to incite Sunni militants within the Kingdom. Historically, the Saudi royal family had claimed to rule in the name of Islam and justified their status through their close relationship with the al-Sheik family, descendents of Muhammad ibn abd al-Wahhab. Although this had been a very successful strategy in the long term, the Saudi leadership has had to balance the competing pressures of domestic politics and foreign policy. Where the regime's ideological commitments demand a very anti-western position, its reliance on US security guarantees and western oil markets have pulled it in the opposite direction. Iran was able to exploit this tension through its media and through demonstrations at the Hajj. Iran has accused the al-Saud of being American stooges, being soft on Israel, and generally being un-Islamic. Although it is often easy to dismiss rhetoric as mere words, in the context of Saudi politics these words cut deeply. Because they have used Islam so extensively to legitimize their rule,

¹³² Kenneth Katzman "The Politico-Military Threat From Iran," in Jamal S. Suwaidi, *Iran and the Gulf: A Search for Stability* (Abu Dhabi, UAE: The Emirates Center for Strategic Studies and Research, 1996).209.

these words provide the Islamic opposition with powerful rhetorical ammunition¹³³. The Saudis have also been very sensitive about how they manage the Hajj, particularly since 1979 when a Sunni group known as the neo-Ikwan seized the Grand Mosque of Mecca¹³⁴. The incident left the al-Saud looking weak and under scrutiny for how they dealt with the crisis. Throughout the 1980s Iranian pilgrims put further pressure on the regime by using the Hajj as an opportunity to stage anti-American rallies which were, by extension, critical of the Saudi relationship with Washington. In 1987, one such rally resulted in a confrontation with Saudi security forces, leaving over 450 pilgrims dead. This brought more international scrutiny and plunged Iranian-Saudi relations to their lowest point¹³⁵.

Not surprisingly given this history, the Iranian-Saudi relationship meets Thompson's third criteria -both states were perceived as enemies. The Iranian leadership believed Saudi Arabia was an enemy for numerous reasons. At the most basic level, the enmity has ethnic and sectarian roots. There is a long history of Arab-Persian disputes over territory and influence in the Persian Gulf. Although they do not all involve Saudi Arabia, they color Iran's perceptions of the Saudis. The most obvious example is the dispute with Iraq concerning the Shatt-al Arab. They have also quarreled over the Iranian province of Khuzistan, which has a significant ethnically Arab population, and has been referred to from time to time by the Arabs as 'Arabistan'. Iran has also contested the sovereignty of Bahrain along with numerous smaller Arab controlled islands in the

¹³³ See: George Linabury, "Ayatollah Khomeini's Islamic Legacy," in Hooshang Amirahmadi and Nader Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf* (London ; New York: Routledge, 1992).36-37.

¹³⁴ John Peterson and International Institute for Strategic Studies., *Saudi Arabia and the Illusion of Security*, Adelphi Paper, (London: Oxford University Press for the International Institute for Strategic Studies, 2002).61.

¹³⁵ Shahram Chubin, Charles Tripp, and International Institute for Strategic Studies., "Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf," In *Adelphi*

Persian Gulf. Indeed, the name “Persian Gulf” is politically loaded, and Iran has fought any attempt to refer to it as the “Arabian Gulf”¹³⁶. The sectarian divide is probably even more important. The Sunni-Shi’a split, in general, has a long and complicated history. In the Iranian-Saudi case the tensions are amplified by the specific brand of Sunni Islam practiced in the Kingdom. Many of the practices and ceremonies associated with Shi’ism are considered blasphemous or idolatrous in Wahhabism. The principles of Wahhabism have been applied within Saudi Arabia against the Shi’a community of the Eastern Province, and while there have been steps taken to better their lot, their historical experience has predominantly been one of economic, political, and religious marginalization¹³⁷.

Iran has also seen Saudi Arabia as an enemy because their ideologies and regime types are incompatible in important ways. Although the groups involved in the Iranian revolution were ideologically heterogeneous, they were held together by their opposition to absolute monarchies, such as the Shah’s, and the influence of foreign powers, such as the United States. From the perspective of the revolutionaries, Saudi Arabia must have looked remarkably similar to the Shah’s Iran. Initially the Provisional Revolutionary Government (PRG) tried to maintain amicable relations with Saudi Arabia and the other Persian Gulf monarchies, but as the clergy gained more influence, and the Islamic

paper. (Oxford, [England] ; New York, NY: Oxford University Press for the International Institute for Strategic Studies, 1996), <http://www.informaworld.com/smpp/title~content=g791829578~db=all.:> 17.

¹³⁶ In recent years, Iran has had disputes with both National Geographic Magazine and Google Earth over the use of the term “Arabian Gulf”. See: Tehran Times, “Teheran Censures Google Earth’s of Arabian Gulf,” http://www.tehrantimes.com/index_View.asp?code=166249 (accessed August 20, 2009). See also: SFGate, “National Geographic’s Name for Persian Gulf Riles Iranians,” <http://www.sfgate.com/cgi-bin/article.cgi?file=/c/a/2004/12/02/MNGPQA4V7B1.DTL> (accessed August 20, 2009).

¹³⁷ Madawi al-Rasheed, “The Shi’a of Saudi Arabia: a Minority in Search of Cultural Authenticity,” *British Journal of Middle East Studies* 25, 1 (1998): 121-138. For a more developed discussion of Shi’a-Sunni relations, see also Vali Nasr, *The Shia Revival: How Conflicts Within Islam will Shape the Future* (W.W. Norton & Company, 2006)

Republic came into being, the ideological differences became all too obvious. Saudi Arabia and its neighbors were targeted as corrupt, pro-American dictators and their citizens were exhorted to follow the Iranian example and revolt¹³⁸.

In the early days of the revolution, the hostility toward Saudi Arabia was based on a mix of these sectarian and ideological differences. Later, it became more of a function of particular Saudi policies. The two most important among them were the decision to back Iraq during the Iran-Iraq war and later the decision to invite the US military into the Persian Gulf. Both of these policies were considered a direct threat to the security of Iran and the revolution. At the very least, it was believed that Saudi Arabia was trying to keep Iran isolated in the Persian Gulf. This was to be accomplished through the military alliances developed with Washington and Baghdad. It was also to be accomplished through Saudi Arabia's dominance of the GCC. By excluding Iran from this institution, and limiting its access to the other members, it was believed that Saudi Arabia was trying to finish diplomatically what it had begun through military alliances. Finally, Saudi Arabia was seen as using its clout within OPEC to undermine Iran's economy and its war effort in particular. In 1986, when Riyadh "trashed the market" by flooding it with cheap oil, this was perceived in Iran as targeting them specifically¹³⁹.

On the Saudi side of the relationship, there was initially some hope that the new Islamic Republic would be easier to deal with than the Shah. The PRG disavowed the Shah's policy of making Iran the 'Gendarme' of the Persian Gulf, and even Ayatollah

¹³⁸ For a discussion of Tehran's initial attempts to export its revolution, see: Joseph A. Kechichian, "The Gulf Cooperation Council: Containing the Iranian Revolution," *Journal of South Asian and Middle Eastern Studies* vol. XIII, no. 1 & 2 (Fall/Winter 1989): 146-165.

¹³⁹ See: Chubin and Tripp, "Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf," 14. See also: Furtig, "Iran's Rivalry with Saudi Arabia Between the Gulf Wars," 233.

Khomeini's early rhetoric emphasized the importance of the Islamic Umma rather than Persian nationalism¹⁴⁰. However, it did not take long for Iran to begin exporting its revolution. Although the PRG continued to make conciliatory gestures, members of the clergy began fomenting unrest among the Shi'a and criticizing their neighbors' political systems. Members of the clergy even revived Iran's nationalist claims on Bahrain, albeit in Islamic terms¹⁴¹. If the Saudis had any hope of establishing normal relations with the new Islamic Republic, they were dashed when Iraq invaded Iran. The war forced Saudi Arabia to choose sides. While it did not make Iraq Saudi Arabia's true friend, the war did finalize Iran's status as an enemy.

The Iranian-Saudi relationship therefore meets the three criteria for a strategic rivalry. As discussed above, it was a complex rivalry with multiple dimensions. The most salient of these dimensions is the positional geo-political competition between the two states. That aspect of their relationship seems the most constant, predating the revolution. It would also appear to be the most likely to trigger a militarized conflict. However, the rivalry cannot be reduced to this single dimension. Prior to the revolution the geo-political competition between the two states was not sufficient to create the conditions necessary for a strategic rivalry. Indeed, the two states cooperated on a variety of security issues, and there did not appear to be a strong possibility of military conflict. Neither were there significant efforts to undermine one another's regimes. It was only after the revolution that the relationship took on the features of a strategic rivalry, when it was compounded by ideological and economic competition.

¹⁴⁰ Kechichian, "The Gulf Cooperation Council: Containing the Iranian Revolution," 147.

¹⁴¹ Ibid., 149-150.

The ideological and economic dimensions of the rivalry have their own dynamics and involve specific issues. However, their impact on the relationship is best understood in the larger context of the rivalry. The ideological dimension, as one Iranian academic described it, involves a competition to control Islamic discourse¹⁴². However, it also feeds into the positional rivalry, which in turn makes the ideological aspect of the relationship more intense. Because of the ideological dimension, the rivalry is not only about status and influence; it is also about regime survival. From the Saudis' perspective, they wanted to maintain their influence to check the spread of revolutionary ideas in the Persian Gulf and, most importantly, at home. From the Iranian perspective, they wanted to keep the regime safe from 'reactionary' forces opposed to their revolution. They also wanted to limit the support available to their primary enemies, Iraq and the United States. The ideological dimension of the rivalry exacerbated positional competition by increasing mistrust between the two states as well as the perception of hostility. At the same time, the positional dimension of the rivalry exacerbated ideological competition because ideology became a political weapon, particularly for the Iranians. Tehran was able to instrumentally use its rhetoric and support for opposition groups to pressure its neighbors on foreign policy issues.

The economic aspect of the rivalry interacted with the geo-political and ideological dimensions in a similar way. Iran and Saudi Arabia had divergent preferences in OPEC before the revolution but, until the 1980s, oil markets were consistent enough to keep the friction at a manageable level. In the 1980s the price of oil dropped and these differences became more acute. At the same time, the war effort was putting Iran under

¹⁴² Author's interview with Dr. Homeira Moshirzadeh of the University of Tehran at the Institute for Political and International Studies, Tehran, November 21, 2001.

increasing economic pressure and its oil infrastructure was in serious disrepair. Iran's oil production fell from 5.6 million barrels per day (BPD) in 1976 to 1.46 million BPD in 1980 and 1981, and did not rise above 2.9 million BPD until the end of the decade¹⁴³. Iran therefore needed higher oil prices to maintain its military capabilities and status as a regional power. The Islamic Republic also needed higher prices to maintain the domestic economy and the health of the revolution. Just as there was a reciprocal relationship between the positional and ideological dimensions of the rivalry, the economic dimension and the other dimensions of the rivalry have been mutually reinforcing. Because the Persian Gulf is the main conduit for Iranian oil and, because so much of its oil and gas reserves are located in and around the Persian Gulf, maintaining its position and influence in the area is essential for its economic security. Moreover, success on the positional and ideological fronts also promised increased leverage in economic terms. If Saudi Arabia was weak isolated in the Persian Gulf, and under ideological pressure, it would have a harder time standing up to Iran's demands within OPEC.

On the Saudi side, the economic aspect of the rivalry was also tied to the positional and ideological dimensions. At the very least, giving in to Iranian demands within OPEC would have meant reducing production, and therefore losing revenue. In the 1980s Saudi Arabia's economy was much stronger than Iran's, but it had very high expenditures. Domestically, oil money provided the al-Saud with the finances necessary to maintain its system of political patronage. Outside of the country, Saudi Arabia used donations to Islamic charities to maintain its Islamic profile and spread its interpretation

¹⁴³ Jahingir Amuzagar, "The Iranian Economy Before and After the Revolution," *The Middle East Journal* vol. 46, no. 3 (Summer 1992): 419.

of Islam¹⁴⁴. In the late 1970s, the Saudi government also began to expand its military. From 1978 to 1988, Saudi Arabia's yearly defense expenditures were higher than those of either Iraq or Iran, despite the fact they were at war with each other for most of that period¹⁴⁵. As was the case from the Iranian perspective, the relationship between the economic aspect of the rivalry and the other two dimensions is two way. The stronger the Saudis' positional and ideological position, the better able they are to fend off Iranian pressure in OPEC.

The Iranian-Saudi rivalry was at its most heated in the period between the Hajj of 1987 and autumn of 1988. Diplomatic ties were cut, Iranian pilgrims could not visit Saudi Arabia, the war with Iraq was turning against Iran, and clashes between the US and Iran were becoming more numerous, cumulating in the tragic destruction of Iran Air 655 by the USS. Vincennes which killed 270 civilians. However, the rivalry was intense from the beginning. In Khomeini's will, which was written in 1983, he made the following two references to Saudi Arabia and the royal family, both of which are indicative of an intense animosity:

“We note that each year King Fahd...(15) of Saudi Arabia spends a good deal of the wealth of the people in printing the Holy Quran and considerable publicity and propaganda material in support of anti-Quranic ideas propagating the baseless and superstitious cult of Wahhabism...(16).

¹⁴⁴ Saleh al-Mani', "The Ideological Dimension in Saudi-Iranian Relations," in al-Suwaidi, Suwaidi, *Iran and the Gulf: A Search for Stability*.162-169.

¹⁴⁵ For statistics from the 1978 to 1980, see: Anoushiravan Ehteshami, Gerd Nonneman, and Charles Tripp, *War and Peace in the Gulf: Domestic Politics and Regional Relations into the 1990s*, Exeter Middle East Monographs No. 5 (Reading, UK: Ithaca Press, 1991).101. For the statistics from 1985 and 1990, see: James W. Moore, "An Assessment of the Iranian Military Rearmament Program," Analysis Annex A (Ottawa: Department of National Defence, 1994): A3.

Fahd abuses the Quran, urges negligent people and nations to side with the superpowers. He uses the noble Islam and the Holy Book to destroy both.”

“In this age of oppression of Muslim nations is the work of the USA and the USSR and their local lackeys such as the al-Saud (Family of Saud and rulers of Hijaz), these traitors to the House of God, the Great Divine Sanctuary, who deserve the most potent damnation by Allah, His Angels and Prophets”¹⁴⁶.

The nature of the Iranian-Saudi rivalry is also defined, at least in part, by the involvement of the United States. There are two, interrelated dimensions to the American role. First of all, there has been, and continues to be, an intense rivalry between Iran and the United States. In many respects, this rivalry exists independently of the Iranian-Saudi rivalry. Secondly, the United States has had a very strong, but complicated, relationship with the Saudis. There are numerous sources of tension between the two countries, but the relationship has been held fast by a combination of economic and security interests.

The Iranian-American rivalry is a function of the revolution and the close relationship between the Shah and Washington. The United States along with Great Britain intervened in Iranian politics in 1953 to orchestrate the fall of the democratically elected Mossadegh government. Mohammad Mossadegh was a populist Prime Minister who nationalized the Anglo-Iranian Oil Company and promised to redistribute wealth in the country. Initially the US restrained the British but after Eisenhower came into office,

¹⁴⁶ Iranian National News Agency, “The Prologue to the Imam Khomeini’s Last Will and Testament,” 1-9 <http://www.irna.ir/occasion/ertehal/english/will/lmnew1.htm> (accessed July 28, 2005).

CIA operatives manipulated Mossadegh's downfall and reinstated the Shah, who had previously fled the country. Once the Shah was back in power, Washington relied on the Shah's domestic stability and military power to protect their interests in the Persian Gulf. The US helped the Shah put together his security forces -including the notorious SEVAK- and build his military¹⁴⁷. Under the Nixon administration, Iran became known as one of Washington's 'twin pillars' in the Persian Gulf, its partner was Saudi Arabia.

Washington was therefore held jointly responsible with the Shah for all of the revolutionaries' grievances. Although moderates tried to maintain 'correct' relations with the United States, radicals turned their attention to the American embassy. Demonstrations led to a brief occupation and eventually the seizure of the embassy staff. The hostage crisis that followed lasted 444 days and remains the formative moment in the Islamic Republic's relationship with America. The crisis was used to radicalize the domestic environment while the clerics consolidated their hold on power. As a consequence, anti-Americanism became one of the defining features of the revolution. The United States became the "Great Satan" and Iran's other enemies were its minions¹⁴⁸.

The United States has therefore had a tremendous symbolic importance in Iranian politics. Loyalty to the revolution has been measured in terms of anti-Americanism, particularly in the 1980s. It has also been suggested that reconciling with Washington will be very difficult because the regime will give up one of its most important legitimizing tools -safeguarding Iran's hard-won independence from America. In addition to the symbolic aspect of the relationship, the rivalry that developed after the revolution has involved numerous concrete clashes of interest. During the hostage crisis, the Carter

¹⁴⁷ Monte Palmer, *The Politics of the Middle East*. Itasca, Ill.: F.E. Peacock Publishers, 2002. 267-269.

administration attempted an ill-fated rescue attempt. Although the operation proved an abject failure, it frightened the revolutionary regime. American forces were able to reach the center of Iranian territory and were only detected when they crashed in the desert. This heightened the perception that Washington was intent on crushing the revolution. Once the war with Iraq started, the United States “tilted” towards Baghdad. Washington provided the Iraqis with diplomatic support, allowed them to borrow money from US banks, and reputedly provided them with intelligence about Iranian troop deployments. Washington also looked the other way while Iraq used chemical weapons on the battlefield¹⁴⁹.

As the war dragged on, the US increased its military presence in the Persian Gulf and became a direct military threat to the Islamic Republic. In the latter part of the war, American forces attacked Iranian military targets and oil infrastructure in retribution for Iranian attacks on civilian oil tankers. As noted above, these skirmishes eventually resulted in the downing of an Iranian civilian airliner.

The revolution also led to numerous economic disputes between the United States and Iran. The United States stopped shipments of arms that had been agreed to under the Shah, and Iran stopped making payments on arms that had already been delivered. Washington also seized Iranian assets in the United States and froze bank accounts in retribution for the nationalization of American assets in Iran. More than 25 years later, the dispute is still being sorted out in the Hague. In addition to the disputes generated by the revolution itself, the United States began applying a variety of economic sanctions to Iran

¹⁴⁸ Mohsen M. Milani, “The Ascendance of Shi’i Fundamentalism in Revolutionary Iran,” *Journal of South Asian and Middle Eastern Studies* vol. XIII, no. 1 & 2 (Fall/Winter 1989): 5-28.

in 1984 and has continued with this policy, expanding the list of restrictions through the 1990s. These sanctions were justified by the inclusion of Iran on the American list of states supporting terrorism. On the initial list, Washington banned American companies from selling military hardware or dual purpose technology to Iran. Although the impact of sanctions on Iran's economy has been questioned, they have acted as a constant reminder of American hostility¹⁵⁰.

In comparison to Iran's rivalry with Saudi Arabia, the rivalry with the United States has actually been more intense. Despite the harsh rebuke in Khomeini's will, the rivalry with the al-Saud has not played as central a role in Iranian politics as the rivalry with Washington. One of the primary goals of the revolution was to put an end to America's influence in Iran, and the hostage crisis was a defining moment in the creation of the Islamic Republic. The United States has also been much more menacing to Iran than Saudi Arabia. Indeed, one of Saudi Arabia's biggest sins was aiding Iran's other, more threatening, enemies -Iraq and the United States.

Throughout this period, Washington continued its close relationship with Saudi Arabia. Although the revolution put an end to the twin pillar approach to security, the strategic logic that bound the two countries continued to hold. Indeed, subsequent events brought the two countries closer together. The fall of the Shah was followed by the Soviet invasion of Afghanistan and then by the beginning of the Iran-Iraq war. US policy adjusted accordingly. The Nixon Doctrine envisioned regional powers providing security for local American allies and interests. After the fall of the Shah, this was replaced by the

¹⁴⁹ Later Rafsanjani argued that Iran needed to consider chemical weapons because while their use was "inhuman, the war taught us that international laws are only drops of ink on paper". See: "Tehran IRNA Majlis Speaker on Acquiring Chemical Weapons," FBIS-NES-88-202 (October 19, 1988): 55.

Carter Doctrine of 1980, which stated that the US would not tolerate any power trying to achieve hegemony over the Persian Gulf. Although this was directed primarily at the Soviet Union, it committed the US to a direct role in the area. In 1981, the Reagan corollary to the Carter Doctrine pledged that the United States would intervene to specifically protect Saudi Arabia¹⁵¹. In addition to policy statements, Washington increased the quantity and quality of weapons sales to Saudi Arabia. Included among the advanced weapons sold to the Saudis were F-15 fighters and AWAC surveillance aircraft. These sales were pushed forward despite significant opposition in Congress as well as Israel, which feared that the weapons could eventually be used against them¹⁵². As discussed above, the growing strategic relationship eventually led to cooperation in surveillance missions, the re-flagging of Kuwait tankers, and finally military clashes between US naval forces and Iran.

The original bargain struck in 1943 between President Roosevelt and King Abd al Aziz involved a simple quid pro quo: Washington guaranteed Saudi Arabia's military security and, in exchange, Saudi Arabia guaranteed the United States access to its oil. This formula has provided the basis for a strong and mutually beneficial relationship.

Nevertheless, there have been serious differences between the two states. Washington has pressured the Saudis on democratization and human rights, particularly the rights of women. They have also been critical of the Saudis spreading the *Salafi* interpretation of Islam in countries like Pakistan. This interpretation of Islam, which is a

¹⁵⁰ For an interesting overview of the sanctions and Iran's coping strategies, see: Hooman Estelami, "A Study of Iran's Responses to US Economic Sanctions," *MERIA* vol. 3 (September 1999): 51-61.

¹⁵¹ For a discussion of the development of Washington's strategic doctrine in the Persian Gulf, see: Joe Stork and Martha Wenger, "The US in the Persian Gulf: From Rapid Deployment to Massive Deployment," *Middle East Report* (January-February 1991): 22-26.

¹⁵² Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 264-265.

pillar of the Saudi political and social system, is seen in Washington as anti-Western “fundamentalism”, and a significant source of instability in the Middle East and South Asia. The Saudis, for their part, have been critical of Washington’s close ties with Israel, which they believe have come at the expense of the Palestinians. They have also been apprehensive about American calls for political reform within the Kingdom¹⁵³.

This mix of common and divergent interests has led to a very complex relationship. In Saudi Arabia, the government has had to maintain a careful balance between its reliance on US military support, and its reliance on socially conservative forces within the Kingdom, who are concerned about the impact of western influences in the country. In Washington, the government has had to balance the strategic importance of Saudi Arabia against the demands of human rights/pro-democracy activists as well as pro-Israeli groups. The tensions inherent within this relationship became more prominent in the mid-1990s and were brought to a head September 11th. However, they were always present. As noted above, there was domestic opposition to the sale of AWACs and F-15s to Saudi Arabia in the 1980s. In fact, Saudi Arabia had to turn to the British when Congress would not approve all of the arms that were supposed to be included in the deal¹⁵⁴.

As a result of this relationship, the Iranian-Saudi rivalry has to be seen as asymmetric. Because of their American support, the Saudis have a substantial advantage over Iran. Even though Iran has a much larger military, it could not use it against the Saudis. Because the Saudis can rely on US backing, they also have a significant diplomatic advantage over the Iranians. The Saudis have other advantages over Iran. They

¹⁵³ For a discussion of the contradictions in the American-Saudi relationship, see: Peterson, *Saudi Arabia and the Illusion of Security*, 71-74.

enjoy the diplomatic support from most of the Arab world, and they larger oil reserves and a much larger say in setting OPEC policy. But without the American element, the relationship would be far more even. Indeed, depending on the time and context, Iran may have the advantage.

Before leaving this issue, it is worth noting that the asymmetry in this rivalry is not as pronounced as that in the rivalries between Israel and its Arab neighbors. Although the United States does act as Riyadh's security guarantor, the relationship is not as close as that between America and Israel. Despite American concerns about Israel's occupation of Arab territory (the West Bank and Gaza in particular), Israel and the United States see each other as being socially and politically similar. There is an affinity therefore, that goes beyond security calculations. The differences between Saudi Arabia and the US, on the other hand, put limits on their relationship. US military support is probably just as reliable for the Saudis as it is for the Israelis, but, politically, it would be much more expensive for Riyadh. The Americans are not popular with the Saudi population, and they would inevitably increase the pressure for political reforms. These are problems the Israelis would not have to be concerned with.

Summary

To conclude, the Iranian-Saudi relationship meets Thompson's criteria for a strategic rivalry. The two states perceived each other as competitors, potential military threats, and enemies. The rivalry was positional rather than spatial. Nevertheless, it was complex, involving ideological, economic, and political/military issues. Although the political/military dimension would appear to be the most important, the rivalry cannot be

¹⁵⁴ Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 289.

properly understood without the other elements being included. Although the rivalry has not been militarized, it has nevertheless been very intense and involved a great deal of political conflict.

The United States have played an extremely important role in this rivalry. Not only has Washington been Saudi Arabia's main security guarantor, Iran and the United States have been involved in a rivalry that is, in fact, more intense than the one involving Saudi Arabia. Iran and the US have clashed because of the rivalry between Tehran and Riyadh, as well as for reasons that are completely separate. The Iranian-Saudi rivalry is therefore extremely asymmetric.

2. The Emergence of the “Good Neighbor Policy” (1988)

Although Iranian-Saudi accommodation first began to get serious notice after Iraq invaded Kuwait, the Iranian decision to pursue accommodation can be traced back to October 1988. In mid-October, Saudi King Fahd expressed a desire for better ties with Iran and instructed the Saudi media to halt inflammatory rhetoric directed against the Islamic Republic. In response, Iranian Foreign Minister ‘Ali Akbar Velayati said that Iran would reciprocate Saudi moves toward improving relations and that dealing with earlier disagreements would “better the existing climate”¹⁵⁵. In November, Deputy Foreign Minister ‘Ali Mohammad Besharati said that recommendations had been exchanged

¹⁵⁵ Tehran IRNI, “Velayati Responds to Positive Saudi Moves,” FBIS-NES-88-205 (October 24, 1988): 64-65.

between the two parties and that Saudi Arabia had demonstrated a “readiness”. Therefore, he claimed, Iran was ready for direct talks with Riyadh¹⁵⁶.

Considering the mixed results of this “initiation”, it could be argued that the statements made by Velayati in November 1988 were merely a false start. Instead, initiation should be coded as the point where the new relationship seemed to take hold, in late 1990. However, while this would be accurate at a bilateral level, in terms of Iranian foreign policy it would be overlooking a significant change. In late 1988 not only did Iran signal a willingness to talk with Saudi Arabia, it began courting the other GCC states as well as the Soviet Union¹⁵⁷. There were even rumors that relations with the US would immediately resume and that Rafsanjani had tried to phone Washington¹⁵⁸. Although the Americans and Saudis remained aloof, Rafsanjani was able to make some progress with both the GCC and the Soviets. Moreover, while the Saudis continued to mistrust the Islamic Republic, GCC observers commented that Rafsanjani had made a relatively consistent effort to improve relations during this period¹⁵⁹. Although the implementation was somewhat rocky, the shift to an accommodative foreign policy can be discerned well before the Saudis actually responded. Identifying November 1988 as the initiation point is therefore most appropriate, not only for descriptive purposes but also so that the causal factors associated with this change can be better identified.

¹⁵⁶ Tehran Domestic Service, “Besharati Comments on Persian Gulf Relations,” FBIS-NES-88-225 (November 22, 1988): 45-46.

¹⁵⁷ Mohiaddin Mesbahi, “Gorbachev’s ‘New Thinking’ and Islamic Iran: From Containment to Reconciliation,” in Amirahmadi and Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf*, 272. See also: Tehran Domestic Service, “Commentary on New Phase in Soviet Relations,” FBIS-NES-89-124 (June 29, 1989): 48.

¹⁵⁸ Tehran IRNA, “Majlis Deputy Calls Upon President to Probe Hoax,” FBIS-NES-90-048 (March 12, 1990): 49. See also: Tehran IRNA, “Direct Talks with US ‘To Begin in Days’,” FBIS-NES-89-153 (August 10, 1989): 44.

¹⁵⁹ London Al-Majallah, “GCC Official Cited on Negotiations with Iran,” FBIS-NES-89-248 (December 28, 1989): 1.

3. Causal Analysis

The initiation of accommodation was complex. It involved multiple types of causality and involved both psychological and objective factors operating at different levels of analysis. This discussion will be organized on the basis of the types of causal roles discussed in the framework of analysis. It will begin with a discussion of Iranian motivations and their development. From there, the analysis will move on to the stimulus and permissive factors behind the initiation of accommodation. While describing each set of causal factors, the discussion will draw from both the operational and the psychological environments, as explained in the framework of analysis.

A. Motivating Factors

The image of Post-Pahlavi Iran is that of a radical, irrational actor. The Islamic Republic is perceived as a state that puts ideological goals above all else. Pragmatic concerns, such as economic growth and national security, are secondary at best and decision making is dominated by a revolutionary world view. This is an image that seems to dominate both popular discourse and policy-making debates not only in the West, but also in the Middle East, including much of the Arab world. It will be argued below, however, that the regime's motivations have been multi-dimensional and, through the 1980s, in the process of evolving. Rather than a linear hierarchy of preferences, it will be argued below that by the time Iran decided to pursue an accommodation with Saudi Arabia, its motivations conformed to a non-compensatory, poli-heuristic model of decision-making. First of all, the regime's motivations possessed two distinguishable tiers. The first was comprised of regime security and realist political/military concerns.

The second was comprised of ideology as well as economics. The second tier remained intrinsically important to Iran's elite but to a lesser extent. The second tier was also important because the issues involved had implications for the first tier. In the Islamic Republic, ideology and economics played an important role supporting national and regime security. Therefore, while these issues were secondary, they sometimes appeared to take on greater importance because they were instrumental in attaining first-tier goals.

Secondly, the hierarchy within each of these spheres was fluid, and context dependent. The hierarchy within the first tier depended on the perception of threat. The value that faced the greatest threat received the most attention. To the extent that trade-offs had to be made between first-tier values, the regime looked for a balance that would satisfy the security requirements of both issue areas, rather than maximizing one or the other. Minor compromises would be accepted, but permanent or absolute losses would be avoided. The hierarchy in the second tier was dependent for the most part on the demands of the first. Second tier issues received priority to the extent that they bolstered first-tier goals or, at least, did not interfere with them.

Understanding the complex and dynamic nature of Iran's motivations is important for explaining accommodation because it clarifies why some stimulus and permissive factors are more important than others. Understanding Iran's motivations also explains why accommodation was considered the appropriate way of dealing with the situation. It was a policy choice that fit within the regime's efforts to balance the conflicting demands of national security, regime security, ideology, and economics.

Before discussing Iranian motivations in the context of Iranian-Saudi accommodation, it is necessary to briefly discuss their evolution after the revolution. In

the early 1980s, regime security appeared to be the dominant concern, but ideology seemed to take precedence over national security and economics. This prioritization could be seen in virtually every sphere, especially domestically, where ideology and regime security overlapped. The political system was based on Khomeini's own particular ideas about political authority within Shi'ism and the practice of emulation. This was reflected in the regime's new constitution, which was organized around the concept of *Veleyat-i-Faqih* (Supervision of the Jurisprudent). As the Faqih, or Supreme Leader, Khomeini's position as ideological leader of the revolution was institutionalized. It gave him the authority to declare war and mobilize the military as well as appoint the heads of the Revolutionary Guard, regular military, and internal security organizations. Khomeini also had a virtual veto over legislation as well as the power to appoint the head of the judiciary, assign representatives to government ministries as well as to embassies. The revolution's ideology was also evident in other institutions such as the Council of Guardians, which provided religious supervision over the Majlis (parliament)¹⁶⁰.

In terms of foreign policy, ideology was evident in the hostage crisis as well the regime's efforts to export its revolution. Khomeini described the latter as an Islamic duty, which was justified because the Islamic community (*Umma*) was not limited by borders or the sovereignty of nation states¹⁶¹. The revolution was propagated through the media, through Iran's embassies in the region, and through the seminaries and religious networks that connected Iran to the Shi'a populations of the region. The message was also spread in

¹⁶⁰ For a more detailed discussion, see Bahman Baktiari, "The Governing Institutions of the Islamic Republic of Iran: The Supreme Leader, the Presidency, and the Majlis," in al Suwaidi, *Iran and the Gulf: A Search for Stability*, 48-69.

¹⁶¹ George Linabury, "Ayatollah Khomeini's Islamic Legacy," in Hooshang Amirahmadi and Nader Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf* (London, New York: Routledge, 1992):.37.

Saudi Arabia annually at the Hajj. Although Khomeini claimed that the revolution could not, and should not, be spread through force, Iran maintained an “Office of Liberation Movements” and through the Revolutionary Guard (IRGC or *Pasdaran*) organized military groups such as Hezbollah (Lebanon) and the Supreme Council for the Revolution in Iraq (SCIRI). Iran was also accused of arming and training other groups such as the Bahraini wing of Hezbollah as well as Hezbollah of the Hijaz in Saudi Arabia. Although it is unclear how direct the connection was between the Iranian government and the latter groups, they openly acknowledged being inspired by the Islamic Republic and its political message¹⁶².

Ideology also played an important role in shaping Iran’s behavior during the war with Iraq. When the war began, Iran’s military had been seriously weakened by defections, purges, and arrests. Air Force pilots in fact had to be released from prison to help repel the initial Iraqi invasion. As the conflict continued, Iran’s war effort was hampered by disputes between the professional military (*Artesh*) and the ideological Revolutionary Guard. Although the *Artesh* was better trained, it was ideologically suspect. Therefore, the IRGC received the support of the regime and the bulk of the military hardware¹⁶³. The prosecution of the war was also complicated by ideological goals. Offers from Baghdad to negotiate were dismissed out of hand, and Iranian objectives included not only restorations and a full admission of guilt, but also the

¹⁶² Christin Marschall, *Iran's Persian Gulf Policy : From Khomeini to Khatami* (London ; New York: RoutledgeCurzon, 2003).29-34.

¹⁶³ Sepehr Zabih, *The Iranian Military in Revolution and War* (London ; New York: Routledge, 1988).209-226.

removal of Saddam Hussein from power. The slogan “War, war until victory” captured the uncompromising nature of the regime’s attitude toward the conflict¹⁶⁴.

The ideals of the revolution were also a key factor in economic planning. In the immediate aftermath of the revolution, the government seized the Shah’s property along with that of other members of the old regime. With ownership and management fleeing the country, this was initially done to maintain some degree of economic stability. However, as the clerical government took shape, planning began to focus on the ideological goals of centralization, self-sufficiency, and redistribution. The constitution gave precedence to the state controlled sector, which was to include most if not all strategic large-scale industries, resources, infrastructure, banking, communications, media, and foreign trade.¹⁶⁵ Ehteshami estimates that the state assumed control over 80-85% of the country’s “major productive units”.¹⁶⁶ Part of the state’s new wealth was also to be redistributed to the masses through a series of Islamic charitable organizations known as Bonyads. These institutions were distinctly ideological in nature, with names such as the Foundation of the Deprived, the Foundation of Life Sacrifices, and the 15 Khordad Foundation, which was named to commemorate Khomeini’s arrest and the subsequent riots in 1963.¹⁶⁷ The Bonyads controlled industries and land. They not only provided food and financial support for the poor, they provided many jobs. Over time, they have come to control approximately 40% of the country’s non-oil economy¹⁶⁸. Finally, a series of laws were passed to limit the extent and nature of foreign investment.

¹⁶⁴ Marvin Zonis, “The Rule of the Clerics in the Islamic Republic of Iran,” *Annals of the American Academy of Political and Social Science*, Vol. 482, *Changing Patterns of Power in the Middle East* (Nov., 1985), pp. 85-108

¹⁶⁵ Ehteshami, *After Khomeini: The Iranian Second Republic*, 89.

¹⁶⁶ *Ibid.*, 86.

¹⁶⁷ *Ibid.*, 86.

These laws were a direct result of Iran's experience with colonial interference. They were intended to make sure that foreign interests never came to dominate the economy as they had under the Shah and even the Qajars before him¹⁶⁹.

Through the early years of the 1980s, ideology and regime security were almost inseparable goals. Controlling the new state was necessary for the success of the ideological project. At the same time though, ideology was also necessary for gaining and maintaining control over the new state. When the Shah fell, the future of the revolution was still very uncertain. Along with the clerics, the revolutionary forces included liberals as well as far left groups, such as the Tudeh Party and the Mujahadeen Khalq (MKO). There were also sectarian opposition groups, which included Kurds, ethnic Arabs as well as members of the Azeri and Baluchi populations. Maintaining the rhetoric of the revolution and allowing revolutionary institutions to operate after the Shah fell gave Khomeini and his followers a tremendous political advantage in the struggle that took place between them, particularly with the liberals. While the liberals were confined to formal institutions such as the Provisional Revolutionary Government (PRG) and constrained by the rule of law, Khomeini was able to mobilize his followers and control the streets.

The hostage crisis was a defining moment in this process. The Students Following the Line of the Imam (SFLI), who instigated the crisis, actually overran the US embassy twice. The first time Khomeini instructed them to leave. The second time, which

¹⁶⁸ Jahangar Amuzegar, "Khatami and the Iranian Economy at Mid-Term," *Middle East Journal* vol. 53, no. 4 (Autumn 1999): 549.

¹⁶⁹ There were serious debates among the clergy concerning economic planning. Certain factions within the clergy advocated a complete command-style economy while others favoured a larger role for the private sector. Regardless of their preferences however, they all justified their position in terms of the ideology of the revolution and what they considered to be the appropriate economic system for an Islamic Republic.

coincided with the deliberations of the Constitutional Assembly, Khomeini encouraged them to stay and linked the issue to the ongoing constitutional debate. The issue divided the clergy's opponents. The left-wing groups, who opposed the creation of a clerical state, were forced to back the hostage takers because of their anti-western ideology. The moderates, who favored a liberal democratic political system, openly opposed the action. In fact, the moderate-dominated PRG resigned in protest. As a result, the liberal opposition was left isolated and discredited as American sympathizers. The new constitution, with its controversial provision for a Velayati-e-Faqih (Guardianship of the Jurisprudent), was therefore passed with overwhelming support. As the hostage crisis continued, it was used again to ensure Khomeini's candidates won the Presidential and Parliamentary elections¹⁷⁰.

While Iran's prosecution of the war with Iraq could also be seen as the outward manifestation of the revolution's ideology, it also played a role in the regime's consolidation. In particular, the war legitimized the suppression of political dissent. With the liberals out of the way, the regime turned its attention to the leftists and ethnic-based opposition groups. Early in the war, between 1981 and 1982, an estimated 3,000 people were executed.¹⁷¹ A second wave of executions followed just as the war came to an end.¹⁷² Political parties were also banned between 1981 and 1988, the official reason given being the ongoing conflict with Iraq.¹⁷³ Ayatollah Shariatmadari, an Azeri

¹⁷⁰ See: Milani, "The Ascendance of Shi'i Fundamentalism in Revolutionary Iran," 18.

¹⁷¹ See: Shaul Bakhash, "Historical Setting: Terror and Repression," in *Library of Congress Studies: Iran*: [http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field\(DOCID+ir0034\)](http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+ir0034))

¹⁷² Amnesty International estimates 2500 executions in the last half of 1988. See: <http://www.amnestyusa.org/countries/iran/document.do?id=7D4EA7D35E816F03802569A600602B9A>

¹⁷³ For a discussion of political parties, see: Ehteshami, *After Khomeini: The Iranian Second Republic*, 43.

opposition figure, would eventually comment, “By labeling parties American, Zionist, and Un-Islamic, the government will dissolve them all”.¹⁷⁴

In addition, the war also allowed the regime to centralize the economy and expand state-society relations. The state became responsible for subsidizing and distributing food and basic goods. Through a variety of charitable foundations known as Bonyads, it also provided services to veterans as well the widows and orphans of the fighting. This made the new state an integral part of everyday Iranian life¹⁷⁵.

Ideology and regime security therefore operated in parallel during this period; the demands of one did not conflict with those of the other. There was also enough room to maneuver in the other two sectors –national security and economics- for the regime to pursue these motivations. Although the economy was in chaos, there was enough oil money to maintain subsidies at home and underwrite the war effort. Similarly, while the hostage crisis, the war with Iraq, and exporting the revolution had brought a great deal of pressure down upon Iran, there was still some leeway on the international front. For instance, Khomeini turned out to be right when he famously stated that America could not do a “damn thing” about the hostage crisis¹⁷⁶. Even though Khomeini was wrong about winning the war with Iraq, Iranians were convinced that they would prevail once they had beaten back the initial invasion. After overthrowing the Shah, it was also not unreasonable for the elite to think that they could successfully export their revolution to their neighbors. Iran’s elite therefore at least believed that they could pursue ideological and regime goals without sacrificing other objectives.

¹⁷⁴ Mohsen Milani, “The Ascendance of Shi’a Fundamentalism in Revolutionary Iran,” *Journal of South Asian and Middle Eastern Studies* vol. XIII, no. 1 & 2 (Fall/Winter 1989): 17.

¹⁷⁵ For further discussion of the benefits of the war for the regime, see also: *Ibid.*, 19.

By the late-1980s however, the situation was changing and the regime was facing hard choices about its priorities. By 1986, the political system had largely been consolidated. The constitution was in place and the ideological and ethnic challengers had been eliminated as serious political threats¹⁷⁷. The regime therefore did not need to rally the faithful against ideological challenges. In fact, the demands of the war, and the constant state of emergency were beginning to undermine support for the revolution. As will be discussed in more detail in the pages to follow, Iran suffered approximately 1,000,000 casualties during the war. Real per capita income dropped approximately 48% and, conservatively estimated, the country absorbed 97 billion in direct economic damage¹⁷⁸. Not surprisingly, public support for the regime was beginning to falter and there were concerns that if the burden on the people were not eased, the political system would be in danger.

The contradictions between ideology and regime security were also exacerbated by the fact that Khomeini's health was beginning to fail. Although the liberals, the radical left, and the various ethnic-based groups had been defeated, factional competition had intensified within the regime. Iranian factional politics have been complex. Initially, most analysts described the division as a moderate-radical split. However, by 1983 this no longer applied. Instead, the division was three-fold, with an Islamic Left, an Islamic right,

¹⁷⁶ The slogan remains as part of a collection of revolutionary murals on walls surrounding the old American embassy in Tehran.

¹⁷⁷ See: Bahman Baktiari, "The Leftist Challenge: The Mojahedin-e Khalq and the Tudeh Party," *Journal of South Asian and Middle Eastern Studies* vol. XIII, no. 1 & 2 (Fall/Winter 1989): 29-51. See also: Milani, "The Ascendance of Shi'a Fundamentalism in Revolutionary Iran," 21.

¹⁷⁸ Direct Economic Damage is defined by Hooshang Amirahmadi as damage to "buildings and installations, machinery and equipment, and material among other similar national wealth." This is distinguished from indirect economic damage, which focuses on opportunity costs such as potential GNP and oil revenue. See: Hooshang Amirahmadi, "Economic Destruction and Imbalances in Post-Revolutionary Iran," in Amirahmadi and Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf*, 68-71.

and pragmatists who attempted to hold the middle ground. As their names suggest, these factions were defined to a large extent by their preferences on economic issues. In addition, the Islamic left tended to more ideological on foreign policy issues and more liberal on social/cultural affairs. The Islamic right was less idealistic on foreign policy issues but more conservative on the social/cultural side. The pragmatists were moderate on both sets of issues. In terms of economics, the pragmatists favored a strong private sector, much in the same as way the Islamic Right. However, unlike the Islamic right, they favored foreign investment and borrowing along with an open trade policy. The lines between these factions have often been blurred. Individuals have crossed factional lines, and alignments have shifted. Also, because their preferences are not consistently radical or moderate across all issue areas, members of one faction have sometimes found themselves agreeing with opposing factions on specific questions. Economic preferences, however, have given the factions some coherence, as have personal connections and the strategic demands of political competition.

In the late 1980s, the institutions of the Islamic Republic were not capable of moderating these ideological rivalries. This made it necessary for Khomeini to play the role of political balancer. He made sure none of the main factions was ever wiped out and that competition never got out of hand. This arrangement maintained the stability of the regime but only so long as Khomeini remained personally involved. When Khomeini became seriously ill, arrangements had to be made not only to ensure a smooth process of succession but also to ensure that the system would be able to function in his absence¹⁷⁹.

Externally, the costs of an ideological foreign policy were also becoming apparent. During the hostage crisis, it was difficult for the US to act because it was

unclear where the hostages were or how they could be rescued. The situation was further complicated by the Soviet invasion of Afghanistan. A large military operation in Iran would have put the two super powers in very close proximity and might have provoked a confrontation. By the late eighties though, Washington was less constrained. The US had used the pretext of the tanker-war to establish its military presence in the Persian Gulf. There were naval clashes between the US and Iran, and an Iranian civilian airliner was shot down killing all onboard. While an invasion was unlikely, it could no longer be said that “America cannot do a damn thing”.

The war with Iraq and the export of the revolution had also left Iran isolated regionally. Rather than the road to Jerusalem, the war with Iraq had turned into a death struggle with an unexpectedly resilient opponent. Iraq’s Shi’a population had not risen up against the Ba’th regime and the international community continued to provide Iraq with military and economic support. Similarly, exporting the revolution had met with little success. Ideology had not even proven effective instrumentally as a coercive tool of foreign policy. Exporting the revolution had not undermined hostile states; it had only made them more hostile and driven them closer to Iraq.

As the demands of ideological goals conflicted increasingly with those of Iran’s other priorities, the hierarchy of Iran’s motivations began to change. Ideology was downplayed, and regime and national security took on more importance. One of the first signs of this transformation was the Iran-Contra arms deal. In order to secure badly needed military hardware, Iran made a deal with its arch ideological nemesis, the United States, which was also, incidentally, brokered through Israeli arms dealers. Although the deal was leaked to the press by Iranian sources, the deal was supported by key members

¹⁷⁹ See: Ehteshami, *After Khomeini: The Iranian Second Republic*, 29-44.

of each faction as well as by Khomeini himself. The most important sign of realpolitik taking precedence was, of course, the decision to accept United Nations Security Council Resolution (UNSCR) 598 in 1988. Although Khomeini was reluctant to accept the ceasefire, he rationalized it by saying the compromise was necessary for the survival of the system¹⁸⁰.

In the economic realm, the decline in ideology can be seen in the gradually increasing role of the private sector. In 1986, the government began encouraging private sector activity, reduced restrictions on exports, and began plans for a free-trade zone on Kish Island.¹⁸¹ In 1988, a five-year economic plan was proposed which included further increases in private sector activity and reduced import restrictions. Although regulations concerning foreign investment and borrowing were not changed, the issues were at least being opened up for discussion.¹⁸²

The most important indicators, however, were found in the realm of domestic politics and they involved the ideological leader of the revolution, Ayatollah Khomeini himself. First, Khomeini made a series of statements between 1987 and 1988 that shifted legitimacy away from ideology and toward *raison d'état*. First, he argued that religious leaders without practical knowledge of politics should not play a leading role in society¹⁸³. He also amended his theory of the *Valeyat-e Faqih* to give the state more power. This amendment, referred to as the “The Absolute Authority of the Faqih” was intended at least in part to strengthen the government vis-à-vis ideological conservatives who opposed the growing pragmatic trend in Iranian politics. Finally, if there was any

¹⁸⁰ See: Tehran Domestic Service, “Khomeyni Message on Hajj, UN Resolution 598,” FBIS-NES-88-140 (July 21, 1988): 41-52.

¹⁸¹ Ehteshami, *After Khomeini: The Iranian Second Republic*, 95.

¹⁸² Ibid.

doubt to his intent, he issued a *fatwa* stating that the regime could burn down a mosque if it was necessary to protect the interests of the state¹⁸⁴.

Before he died, Khomeini also made a number of institutional and personnel changes that strengthened the realist line among the elite. First, he approved constitutional amendment 109 which elevated the importance of political experience in the criteria for choosing his successor¹⁸⁵. He also supported amendments eliminating the office of the Prime Minister. This undermined the position of then Prime Minister Mousavi, a prominent member of the Islamic Left¹⁸⁶. Khomeini also named Rafsanjani acting Commander-in-Chief of the military in 1988.¹⁸⁷ Shortly thereafter, Khomeini forced Ayatollah Montazeri, his designated successor, to step down. Montazeri, a one-time radical, had begun to moderate his views and had become critical of the regime's ideological excesses. Nevertheless, he was a leading voice among the Islamic left, and remained Rafsanjani and Khomeini's strongest opponent. His ouster therefore improved the strategic position of the realist line and, in conjunction with the other changes discussed above, paved the way for a realist pragmatist-right coalition headed by Rafsanjani and Khomeini¹⁸⁸.

By the late 1980s, the hierarchy of Iran's priorities appeared to be more "regular". Although regime security remained in the top tier, ideology had been replaced by national security. This transformation was evident in terms of both domestic and foreign policy.

¹⁸³ Ehteshami, *After Khomeini: The Iranian Second Republic*, 20.

¹⁸⁴ Mehdi Noorbaksh, "Religion, Politics and Ideological Trends in Contemporary Iran," in al-Suwaidi, *Iran and the Gulf: A Search for Stability*, 25.

¹⁸⁵ Ehteshami, *After Khomeini: The Iranian Second Republic*, 39.

¹⁸⁶ In his letter of resignation, Mousavi cited his loss in authority over foreign policy to Rafsanjani as a key factor in his decision. See: London, "Keyhan Prime Minister Musavi's Letter of Resignation" FBIS-NES-88-202 October 19, 1988 p.54

¹⁸⁷ Ehteshami, *After Khomeini: The Iranian Second Republic*, 25.

¹⁸⁸ *Ibid.*

Ideology did not disappear completely from the agenda. Ideological goals continued to have intrinsic value to Iran's elite and, most importantly, they played an instrumental role supporting regime security.¹⁸⁹ Although the extremism that had helped put the regime in power had become counter productive, the regime could not afford to abandon its ideological roots completely. Ideology legitimized the political power of the clergy and the revolutionary elite and it legitimized all of the hardship and turmoil that the country had experienced. Ideology also remained a potent mobilizing force in society. In addition to helping the regime recruit people to fight against Iraq, ideology attracted people to serve in the bureaucracy as well as the various internal security institutions.¹⁹⁰ If Iran's elite abandoned ideology and adopted purely pragmatic policies, particularly those that resembled the Shah's, how could the regime justify its power or the sacrifices made by the people? At least in part, this explains the ideological relapse Khomeini experienced just before he died when he chastised the reformers for being too liberal and issued the fatwa against Salman Rushdie. Ehteshami argues that Khomeini's outburst was driven by a desire to check liberal encroachment at home. In the aftermath of Ayatollah Montazeri's criticisms of the revolution, it also let everyone know the regime had not lost its teeth¹⁹¹.

Economics joined ideology as a second tier issue. While it has been argued that economics had become the dominant issue on the Iranian agenda by the late 1980s, the economy was important primarily because it was instrumental to achieving first-tier

¹⁸⁹ Some members of the elite, such as Ayatollah Mohteshemi, continued to believe that ideology should still take precedence and that the revolutionary system was not in imminent danger. By the late 1980s however, the balance of domestic power had shifted against ideologues such as Mohteshami.

¹⁹⁰ Ideological symbols had also become the currency of political discourse. Anyone who ignored their importance was leaving themselves vulnerable to political attacks. Rafsanjani, for instance, was using references to Khomeini to justify even his most pragmatic initiatives. The dynamics of political competition therefore put further ideological limits on policy making. See: Ehteshami, *After Khomeini: The Iranian Second Republic*, 139.

¹⁹¹ Ehteshami, *After Khomeini: The Iranian Second Republic*, 140.

goals¹⁹². As Khomeini once said, the revolution was not about the price of watermelons. In private letters to Rafsanjani, Khomeini did draw a direct link between the state of the economy and the decision to accept UNSCR 598.¹⁹³ However, while he expressed the concern that the economy had been pushed past a “red-line”, he went on to say that the economy could not support the spending necessary to reverse the battlefield losses of 1987-88 without undermining domestic support for the regime.¹⁹⁴ Moreover, even after the economy had passed the “red-line”, the regime was reluctant to deal with ideologically loaded issues such as foreign investment and borrowing. The regime was also unwilling to resolve its differences with the United States, which would have ended sanctions and removed the most significant barriers to trade and investment. Despite their economic worries, the regime was more comfortable taking economic half-measures than it was dealing with the ideological and political implications of economic efficiency.

Although there was a relatively clear division between the first and second tiers, within those tiers priorities were fluid. Rather than maintaining a strict hierarchy, the regime attempted to strike a balance between the concerns at each level. Khomeini’s justification for accepting UNSCR 598, which emphasized safeguarding the system, has been interpreted to suggest that regime security had priority. However, Khomeini’s justification for the armistice also referenced the country’s military situation and, generally, security and national security dovetailed during this period. In areas where regime and national security did not reinforce one another, the regime tried to find a

¹⁹² It has been argued that, by the end of the war, Iran’s economic problems had begun to dominate the regime’s agenda. See: Yahya M. Sadowski, *Scuds or Butter? : The Political Economy of Arms Control in the Middle East* (Washington, D.C.: Brookings Institution, 1993).61-62.

¹⁹³ Kaveh L. Afrasiabi, “Iran: Khomeini's 'killer poison' returns,” *Asia Times On-Line*, http://atimes.com/atimes/Middle_East/HJ04Ak02.html (accessed August 20, 2009).

¹⁹⁴ Ibid.

compromise position. For instance, to maximize national security, the regime might have pursued a rapprochement with the United States. This would have likely allowed Iran to reestablish itself as the dominant state in the Persian Gulf. However, it would have meant abandoning one of the most important ideological symbols of the revolution, which would have had serious implications for regime security. Instead, as the country's position in the Persian Gulf declined, the regime made diplomatic gestures toward the GCC states and the Soviet Union. Although not as strategically beneficial as reestablishing ties with Washington, this potentially could satisfy Iran's political/military concerns at a cost that was more manageable domestically.

Similarly, the pattern of Iran's behavior suggested that the regime was looking for a balance between the second tier concerns rather than maximizing one in particular. The mix, however, seemed to be a function of how they impacted first-tier issues. As discussed above, the country's economic problems received little attention until they began to threaten national and regime security and, even once this 'red line' had been passed, reforms were limited by ideological considerations. As economic and military pressure mounted on the regime in the late 1980s, ideological concerns were also sacrificed. However, they were not sacrificed to the extent that the regime faced an acute crisis of legitimacy. When Khomeini believed things had become too pragmatic, he rebuked the very same people he had promoted, and issued a death sentence against Salman Rushdie, creating yet another foreign crisis for Iran.

There was less common ground between the two second-tier issue areas, however. Whereas national security and regime security frequently reinforced one another, ideology and economics were frequently at odds. The regime's ideological commitment

to redistribution buttressed regime security to the extent it was sustainable, but most other ideological policies had a negative impact on economic stability and the lives of ordinary Iranians. The war with Iraq, the friction with the Saudis and the GCC, not to mention the cold war with Washington, all sapped the economy of resources and investment and led to rampant inflation. The balance in this tier was therefore more difficult to achieve and the contradictions were more obvious. This can be seen in the piecemeal nature of economic reforms as well as in the inconsistent efforts to implement them.

The consistent theme running through the regime's efforts to balance its various interests is loss avoidance: specifically, avoiding losses in the first tier. Rather than maximizing its interests in one first-tier issue area or another, the regime would look for a balance that would satisfy both. Attaining this balance might even involve accepting minor or short-term losses in order to avoid losses that were permanent or absolute. For example, the limited economic reforms pursued in the late 1980s represented the minimum steps necessary to satisfy the economic pressures on the regime, without creating a crisis of legitimacy. Similarly, by accepting UNSCR 598, the regime accepted a temporary loss necessary to avoid a permanent loss of territory to Iraq and possibly an absolute loss domestically, i.e. the collapse of the regime.

The focus on losses emerged along with pragmatism in the regime's thinking. In the early years of the revolution, the regime appeared to be concerned primarily with gains. Consolidating the regime was the most important gain. Exporting the revolution was another, as was overthrowing Saddam Hussein. At that time, the regime did not have that much to lose. It was only just taking control of the country. Moreover, Khomeini and his supporters were extremely optimistic. They seemed to believe that the masses would

follow them anywhere, that their revolution would spread, and that Baghdad was really the first stop on the way to Jerusalem. By 1986, however, reality was beginning to set in. There were real limits to what could be achieved by revolutionary zeal. After consolidating their hold on power, they also had a great deal to lose.

This preoccupation with potential losses was evident in the political reassessment that took place prior to Khomeini's death. Although some continued to push the old "gain" oriented ideological agenda, the weight of opinion was concerned about protecting what had been achieved within Iran and preventing a complete military collapse. There were disagreements about the means. The left continued to argue for centralized economic planning and redistribution and favored closer relations with the Soviet bloc. The Islamic right, along with the pragmatists, preferred privatization and a more balanced foreign policy. Nevertheless, they shared a common goal, protecting Khomeini's revolutionary system¹⁹⁵.

Summary

The discussion above examined the development of Iran's motivations. The mix of motivations behind Iranian policy was complex throughout the period being examined. The Islamic Republic was not driven purely by ideology or by political realism. Rather, the regime balanced a mix of motivations which included traditional realist political/military concerns, regime security, economic security, and ideology. Some concerns were prioritized over others, but they were not ranked in a simple hierarchy. Instead, there seemed to be two tiers of priorities. Moreover, the make-up of the two tiers evolved over time. During its early years, the Islamic Republic privileged regime security

and ideology, with economic development and political/military security taking a back-seat. The hostage crisis, for instance, satisfied ideological goals and facilitated the consolidation of the Islamic regime. The crisis may have provoked the United States, but the trade-off was acceptable to the nascent regime. By the late 1980s though, ideology was replaced as a first-tier concern by political/military security issues. The regime was no longer willing to trade international and especially regional isolation for ideological goals. Ideological goals, and economic concerns, remained important, but were secondary. They were pursued to the extent they did not compromise national and regime security. In some cases they even seemed to be dominant. On close inspection though, when ideology and economics issues were at the top of the agenda it was because they had implications for first-tier concerns. Economic restructuring was necessary to rebuild the military and because economic pressure was threatening the long-term viability of the regime. The symbolic importance of ideological issues, such as the Salman Rushdie *fatwa*, kept the regime's base of supporters mobilized and checked the progress of liberal ideas at a time of political uncertainty.

This transformation was driven by several factors, the first of which was learning. As the regime's leadership gained experience in power they learned the limits of their ideology as a policy guide, particularly in terms of the economy and foreign affairs. Secondly, ideology lost traction as the contradictions with other goals became more obvious. During the first years of the revolution, ideological goals reinforced regime security. As the regime consolidated its hold on power, this secondary function of ideology was less crucial. At key points ideology would reemerge –as the Salman Rushdie fatwa demonstrates- but by the end of the 1980s the costs of revolutionary

¹⁹⁵ Ehteshami, *After Khomeini: The Iranian Second Republic*, 91-92.

policies were impossible to ignore. Finally, this transformation was furthered as pragmatists like Hashemi Rafsanjani gained more power within the political system and ideologues such as Montazeri were pushed aside.

Even after ideology had slipped to the second tier, there remained contradictions in the regime's motivations. Although these conflicts were exacerbated by the revolutionary nature of the Iranian state, they were not unique to the Islamic Republic. Most developing states, particularly those in the Middle East, had to balance the competing demands of regime security, national security, economics and ideology. Beyond the distinction that could be made between first and second tier issues, the Islamic Republic managed these contradictions in a way that was consistent with non-compensatory, poli-heuristic models of decision-making. The regime did not maximize one value to the extent that the others were ignored and temporary losses or minor compromises were accepted in one issue area to avoid permanent/absolute losses in the others. This logic could be seen in the policy adjustments made at the end of the 1980s. Economic and foreign policies needed to become more pragmatic, but not to the extent that they threatened the revolutionary character of the regime.

The importance of loss avoidance played a key role in this dynamic and appeared to be a fundamental theme in decision making during this period. In the first years of the revolution, goals were not only ideological; they were directed toward expanding the revolution, both at home and abroad. By the end of the decade, the focus was on defending the revolution and the system that had been established. Again, this was evident in the reevaluation that took place in the late 80s and, most importantly, it was evident in the words and actions of Ayatollah Khomeini.

As discussed in the opening chapters, the make-up of the regime's motivations has important implications for how the state will cope with stimulus and permissive factors in the objective environment. It will not be possible to analyze the interaction between these factors and motivations until they are discussed in detail, which will take place over the course of the next two sections. However, it is possible to make some preliminary observations at this point. First of all, whatever form they come in, the most powerful stimulus and permissive factors are likely to involve potential losses rather than potential gains. Well-entrenched policies are not likely to be changed unless core values are threatened. Second, it will be difficult to make *a priori* predictions about which type of factors these will be. It is likely that the most important factors will have implications for regime or national security. However, they may come in the form of ideological or economic issues that indirectly threaten first tier concerns. Finally, no matter what the precise stimulus is, accommodation will likely be intended to strike a balance between multiple concerns and pressures. Rather than maximizing the effectiveness of their response to the immediate stimulus, accommodation is likely to be a sufficient response, one that does not require the regime to absorb long-term or absolute losses in one issue area to avoid sustaining them in another.

B. Stimulus Factors

There were multiple factors shaping Iran's decision to pursue an accommodation with Saudi Arabia. Indeed, the decision appears to be over-determined. Nevertheless, it is possible to identify which were the most important factors and how they interacted to shape Iranian policy. The key factor acting as a stimulus was the acute decline in Iran's military/political position at the regional level, that is, within the Persian Gulf. This is essentially a realist factor, and consistent with the emergence of pragmatism in Iranian politics discussed in the previous section. However, it is somewhat unusual because most realist literature focusing on rivalry termination or conflict resolution focuses on changes in the balance of power at the bilateral level; that is within the rivalry itself. Bilateral factors do play a role in the decision but, as will be discussed, they play either a permissive role, or a secondary role, reinforcing the main stimulus. Similarly, while domestic factors were also important, they did not appear to act as the stimulus for policy change. While the regional situation was acute, the threat to regime security was more of a long-term issue. The regime's domestic problems began to emerge well before the change in foreign policy and there was still time to deal with them before the regime would crumble. Rather than serving as a stimulus, these problems acted as a permissive factor, limiting the options available to the regime while it dealt with its regional situation. Finally, changes in the dominant system, namely the end of the Cold War, also need to be considered. The timing, however, does not suggest that Iran was responding primarily to changes in superpower relations. The emergence of a one-power system did

not act as a stimulus for Iranian policy change; rather, it acted as a permissive factor, limiting the potential for escalation and coercion.

The discussion below will examine these factors in terms of their objective presence as well the subjective importance they had for Iran's elite. It will examine the extent to which perceptions of the environment matched the objective conditions and, perhaps more importantly, it will examine whether their actions were consciously intended to be a response to the factors identified as the stimulus.

Operational Environment

The Regional Context

The decline in Iran's position within the Persian Gulf appears to have been the direct stimulus for the changes in the country's foreign policy. Iran is a state that straddles two regional systems, the Middle East to the west, and Central Asia to the east. Although Iran is involved in politics across both regions, the main focus of its strategic attention has been on a particular sub-region, the Persian Gulf. Prior to the Islamic Revolution, Iran was the dominant political and military force in the Persian Gulf. In 1971, the Shah staked his claim to regional dominance when he boasted that "the Persian Gulf must always be kept open –under Iranian protection- for the benefit not only of my country but the other Gulf countries, and the world"¹⁹⁶. While this was an ambitious claim at the time, by the end of the decade he had achieved his goal. Neither Iraq, nor Saudi Arabia, was in a position to compete with Iran. Saudi Arabia had tremendous financial power due to its oil wealth, but it had neither Iran's population nor its military capabilities. In 1978, Iran

¹⁹⁶ Efraim Karsh, "Military Power and Foreign Policy Goals: The Iran-Iraq War Revisited," vol. 64, no. 1 (Winter 1987-1988): 85.

had a population of approximately 36.4 million with armed forces numbering approximately 413,000. Respectively, Saudi Arabia had a population of approximately 7.7 million and 58,500 in the armed forces¹⁹⁷. This imbalance was also reflected in equipment. In 1978, Iran had 1870 tanks and 447 combat aircraft. Saudi Arabia, on the other hand, had 325 tanks and 171 combat aircraft. Iran and Iraq's militaries were comparable in terms of major weapons systems. Iraq had a slightly fewer tanks (1800) and a smaller number of combat aircraft (339)¹⁹⁸. However, Iran had an advantage in that its American-bought weapons were more technologically advanced. Iran also had a significant demographic advantage with a larger overall population and more military personnel. Just as importantly, Tehran could keep Iraq hamstrung by supporting Kurdish insurgents in the north of Iraq. In 1974, when Saddam Hussein attempted to reassert the authority of the central government in the north, Iran provided the Kurds with money, weapons, and staging grounds on the Iranian side of the border. As a result, the Kurds fought Baghdad to a stalemate. As Palmer points out, this made it clear that Baghdad could not control Iraq unless it could subjugate the Kurds, and it could not subjugate the Kurds until Iran was appeased -in this case by Iraqi concessions on the demarcation of the Shatt al-Arab¹⁹⁹.

The case of the Shatt al-Arab demonstrates Iran's ability to translate its capabilities into political outcomes. Through supporting the Kurds, Iran was able to force Iraq to accept the border being moved from the river's eastern bank to its *thalweg*. Earlier in the decade, Iran had been able to press its claims on Abu Musa and the Greater and

¹⁹⁷ Ehteshami, Nonneman, and Tripp, *War and Peace in the Gulf: Domestic Politics and Regional Relations into the 1990s*, 115.

¹⁹⁸ *Ibid.*, 193.

¹⁹⁹ Palmer (2007) p.203

Lesser Tunbs. Although Saudi Arabia was unhappy with this development but could do little and was not willing to “support measures designed to isolate Iran” over the issue²⁰⁰.

It is worth noting that Iran was also able to use its economic resources to the same effect. In 1976, after Indira Gandhi had criticized the growth of Iran’s military power, the Shah allowed the Indian government to purchase oil on very favorable credit terms. Iran also provided technical and financial assistance for both India’s oil and mineral industries. Consequently, Indira Gandhi accepted Iran’s position on the Shatt al-Arab dispute, accepted Iran’s position that Persian Gulf security should be left only to the littoral states, and withdrew her criticisms of Iran’s military expansion²⁰¹.

In addition to the advantages Iran enjoyed in terms of raw capabilities, the state also profited from the pattern of alignment that had developed in the Persian Gulf. Prior to the revolution, the main threat to the monarchies of the Persian Gulf was radical Arab Socialism and communism. Iraq, which was a close ally of the Soviet Union, and which preached Arab socialism, was therefore an enemy. To make matters worse, Baghdad continued to harbor irredentist claims on Kuwait, which were a hold-over from pre-Ba’thist Iraqi politics. Under the Shah, Iran shared the same basic ideological outlook as these states and shared their concerns about Iraq and radical Arab socialism. Since Saudi Arabia could not protect the smaller Gulf monarchies in this threat environment, Iran was left to play the role of ‘gendarme’.

By the end of the Iran-Iraq war, the situation had been essentially reversed. Iran was in the weakest position of the three regional powers. This reversal was due to three

²⁰⁰ Shahram Chubin and Sepehr Zabih, *The Foreign Relations of Iran : A Developing State in a Zone of Great-Power Conflict* (Berkeley: University of California Press, 1974).228.

²⁰¹ MERIP Reports, “Iran on the Move: Investments and Aid to India and Egypt, Troops to Oman,” no. 29 (June 1974): 14-15 (accessed August 22, 2005).

factors. First, Iran's military capabilities had been significantly degraded by eight years of war with Iraq. The Islamic Republic still had an advantage over Saudi Arabia but, by 1988, it had fallen seriously behind Iraq. During the conflict, Iraq spent approximately three times the amount of money that Iran did on weapons and Iraq's military victories in the last months of the war are estimated to have cost Iran 40% of its major army equipment. This was particularly evident in terms of armor, where Iraqi battle tanks outnumbered Iranian battle tanks 4500 to 1000²⁰². Just as importantly, Iran still had to focus all of its resources on containing Iraq. Even with the ceasefire in place, Iraqi troops were still on Iranian territory and there was still a possibility that fighting could resume. It would have been difficult if not impossible for Iran to use its military for anything but defending itself against Iraq at that point in time.

A second factor that undermined Iran's regional position was the shift in alignment that happened after the revolution and during the war. For the other Persian Gulf states, the threat of the new Islamic Republic exporting its revolution began to outweigh the threat posed by Iraq. Once the war broke out, the realignment was locked into place. The monarchies were obliged to back Iraq, which further provoked the wrath of Iran's Islamic government. As a consequence, Iran went from being the protector of the conservative monarchies to their main threat.

Not surprisingly, Saddam Hussein seized on the opportunity. Indeed, the decision to invade Iran can be at least partially explained in terms of the Iraqi President's desire to occupy the position abdicated by Iran. However, Saddam Hussein characteristically

²⁰² For a more detailed discussion, see: "Iran, GCC and the Security Dimensions in the Persian Gulf," in Amirahmadi and Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf*, 193-212. See also: Kenneth Katzman, "The Gulf Cooperation Council: Prospects for Collective Security," in Ahrari and Noyes, *The Persian Gulf after the Cold War*, 197-220.

overplayed his hand. Once Iraq invaded Iran, the monarchies backed Iraq, but Hussein was not able to become the gendarme of the Persian Gulf. The conservative monarchies never trusted Saddam Hussein's motives, even though he had distanced himself from the U.S.S.R. Moreover, they feared getting too close to Iraq would provoke a direct conflict between themselves and Iran. Instead of aligning behind Iraq, the Arab monarchies closed ranks, and formed the Gulf Cooperation Council (GCC) in 1981. The GCC was not a military alliance or collective security organization in the classic sense. Even combined, its military power could not balance that of either Iran or Iraq. However, the GCC has stated that an attack on one member would be considered as an attack on them all, and has made diplomatic relations with outside parties conditional on their accepting the principle of non-interference in their domestic affairs. This arrangement has allowed the six states to maintain their independence by making it difficult for either Iran or Iraq to isolate any of them. It also has allowed them to maintain a degree of separation from the United States.

Despite these provisions, the GCC suffered from a variety of internal fissures. There were border disputes involving virtually every one of its members. Perhaps more importantly, they also had somewhat different perceptions of threat. For geographic reasons, Kuwait felt more vulnerable to Iraq than the more southern members. Bahrain on the other hand, has felt vulnerable to Iranian pressure because of its large Shi'a population. The smaller southern states of the Persian Gulf were also wary of Saudi domination. Consequently, the six states disagreed on a number of diplomatic issues.

Most importantly in this context, Oman and Qatar -and to a lesser extent the UAE- maintained good relations with Iran throughout the war²⁰³.

Nevertheless, the creation of the GCC undermined Iran's position in several interrelated ways. First, by virtue of its geographic size, its larger population, and its vast oil reserves, Saudi Arabia became the dominant partner in the GCC. This not only undermined Iran's position bilaterally vis-à-vis Saudi Arabia. To the extent that Tehran and Riyadh had different preferences, it also weakened Iran's ability to shape events in the region. The creation of the GCC also made it more difficult for Iran to maintain diplomatic ties with the other Arab monarchies. Even though Iran had kept relatively good bilateral ties with Oman and Qatar during the war with Iraq, Tehran's strained relationships with the other members put limits on how far they could develop these relationships. This was illustrated after the ceasefire with Iraq. Relations began to improve with the other members of the GCC, including Kuwait, but these states would not normalize relations with Tehran as long as the feud with Saudi Arabia continued²⁰⁴. Finally, although the members of the GCC had their differences over regional security arrangements, they discussed the issue among themselves and coordinated their policies at least to an extent. Iran being outside the GCC had little or no direct input into these discussions. Tehran did try to influence the GCC states on a bilateral basis and this did occasionally translate into indirect influence over the council's decision making. However, the limitations of this type of influence were evident in 1987. Several of the

²⁰³ John Calabrese, *Revolutionary Horizons : Regional Foreign Policy in Post-Khomeini Iran*, International Political Economy Series (New York: St. Martin's Press, 1994).50-51.

²⁰⁴ London Al-Majallah, "GCC Official Cited on Negotiations with Iran," FBIS-NES-89-248 (December 28, 1989): 1.

GCC states were reluctant to re-flag tankers and invite the American navy to protect them. Nevertheless, they all went along with the decision²⁰⁵.

The third factor undermining Iran's position in the Persian Gulf is an outgrowth of the second. With the consent of Saudi Arabia and the GCC, the United States gradually increased its military presence in the Persian Gulf. Even before the revolution, and the ideological break with Washington, Iran objected to the presence of foreign powers in the Persian Gulf. There were numerous reasons for this. Even the presence of a "friendly" superpower, such as the United States, would threaten Iran's independence and would subtract from the country's influence and status in the area. A strong US presence in the Persian Gulf might also have provoked a Soviet response. After Iran's experience during the Second World War, when the British and the Soviets occupied the country, the Shah was in no hurry to have the superpowers turning Iran into a major theatre of the Cold War.

Through most of the 1970s, the United States was content to let the Shah act as its regional proxy; however, when Jimmy Carter began took office in 1977 he began to move away from the Nixon Doctrine. Plans were drawn up for a Rapid Deployment Force that would be capable of operating in the developing world on short notice. The Carter administration recognized directly stationing troops in the Persian Gulf was impractical. Instead, they preferred an over-the-horizon approach in which pre-positioned facilities could be used whenever the need arose. This plan did not go very far, in part because even an over-the-horizon approach was too threatening to the Arab monarchies.

Once the war began, the United States abandoned the indirect approach and slowly but steadily moved its military into the Persian Gulf. The Arab monarchies were

²⁰⁵ Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 348.

initially reluctant, but slowly began to follow suit. The process began with the Carter Doctrine, which stated that the United States would use any means necessary to prevent an outside force from seizing control of the Persian Gulf. Subsequently, the Carter administration began exploring the possibility of establishing a permanent military presence in the region. Saudi Arabia would not agree to US installations, but Oman and Bahrain allowed the United States limited use of their territory. In 1981, the Carter Doctrine was supplemented by the Reagan codicil in which the United States explicitly committed itself to the protection of Saudi Arabia. This policy statement was made in tandem with the controversial sale of AWACs to Saudi Arabia as well as the construction of extensive support facilities on Saudi territory. Although this did not give the United States formal access to Saudi bases, the training and support required by the AWACs significantly increased the de facto American military presence both in the Kingdom and the Persian Gulf. Stork and Wenger also argue that while the Saudis publicly denied the United States formal basing rights, privately it agreed to allow the American forces access in the event of a crisis that was beyond their capacity. In the same time period, the Rapid Deployment Force Carter had envisioned was expanded to a military command stationed at Diego Garcia in the Indian Ocean. Known as CENTCOM (US Central Command) this regional force was responsible for the Persian Gulf, much of the Middle East, the Horn of Africa, and parts South Asia, and it could draw from 300,000 to 350,000 troops if necessary²⁰⁶.

The final step in the process came in 1987, when Kuwait tankers began to sail under an American flag. This gave the US navy the responsibility of directly protecting Kuwaiti shipping in the Persian Gulf. As the tanker war heated up, there were a series of

²⁰⁶ Stork and Wenger, "The US in the Persian Gulf: From Rapid Deployment to Massive Deployment," 25.

clashes between Iranian and US naval forces and the tragic destruction of an Iranian civilian airliner. The most intense fighting took place during “Operation Praying Mantis”, which occurred on the 18th of April, 1988, and has been described as the largest US naval battle since the Second World War²⁰⁷. As tensions grew, the US Navy was eventually joined by small contingents from France, Britain, Italy, Belgium, the Netherlands as well as the Soviet Union²⁰⁸.

The full scope of Iran’s decline in the Persian Gulf can best be appreciated if one considers how these three changes came together to undermine its position at the end of 1988. After Iran captured the Fao Peninsula, the GCC was essentially split with Bahrain, Kuwait and Saudi Arabia becoming increasingly hostile to Iran and Oman, Qatar and the United Arab Emirates preferring a more moderate approach²⁰⁹. As tensions in the Persian Gulf intensified, the three hawkish states began to set the GCC agenda. The three moderates maintained cordial bilateral ties with Iran, but they supported GCC communiqués criticizing Iran and they went along with the Kuwaiti plan to re-flag its tankers. Once the United States arrived, it was clear that they had identified Iran as the threat. An Iraqi attack on a US naval vessel, the USS Stark, was brushed off, but Iranian forces were engaged in a series of battles, including ‘Operation Praying Mantis’ discussed above²¹⁰. As the naval battles reached their peak in April 1988, Iraq was also in the process of handing Iran a series of crippling military defeats. First, they recaptured Fao Peninsula and then shortly thereafter won victories at Fish Lake, the Majnoun Islands and Kermanshahan. Iraq eventually re-crossed the border and reoccupied the Iranian bank of

²⁰⁷ For further detail, see: Ronald O’Rourke, “Gulf Ops,” in *Proceedings, US Naval Institute* 4 (May 1989): <http://www.law.sc.edu/linnan/examarcv/gulg1.htm> (accessed September 27, 2005).

²⁰⁸ Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 385-390.

²⁰⁹ Marschall, *Iran's Persian Gulf Policy : From Khomeini to Khatami*.87-90.

the Shatt al-Arab²¹¹. By August of 1988, therefore, Iran had lost most of its armor, was pinned down by the Iraqi military on the ground, and checked by the US Navy at sea. Between this and the dominance of the hawkish members of the GCC, Iran had almost completely lost its ability to exert influence in the Persian Gulf.

Although Khomeini initially disavowed Iran's position as regional 'gendarme', surrendering control of the Persian Gulf to hostile powers would have been a significant blow to Iran on a number of levels. First and foremost, the Persian Gulf was and continues to be Iran's most important geo-strategic sphere. It is the main route of transport for Iran's oil exports, which represent 80% of the country's export earnings and 40-50% of government revenue²¹². To the extent that foreign powers dominate the shipping lanes, Iran's economic lifeblood is vulnerable. The Persian Gulf is also Iran's main point of contact with its adversaries. Among the littoral states are Iran's two principal regional rivals, Iraq and Saudi Arabia. By the late 1980s, Iran's main ideological nemesis, the United States, had also moved its navy into the Gulf, increasing the regime's perception of threat in the area. Ironically, the Persian Gulf also represents one of Iran's primary strategic assets. Iran has by far the largest coastline on the Gulf, and its ability to threaten shipping, particularly through the narrow Straits of Hormuz, make it a key regional player. Indeed, Iran's combination of strategic position and military power made the Shah one of Washington's most valued regional allies. Iran's position in the Persian Gulf was also a point of significant national pride. Becoming marginalized in the region would have been humiliating to the regime at home, and would have been a blow to its legitimacy.

²¹⁰ Ibid., 338.

²¹¹ Dilip Hiro, "The Iran-Iraq War," in Amirahmadi and Entessar, *Iran and the Arab World*, 59-61.

Improving relations with Saudi Arabia was essential if Iran was going to address this situation. Saudi Arabia remained key to having more influence with the GCC. In all likelihood, Iran could not have expected to be admitted to the GCC. In the best-case scenario, Tehran may have hoped that the GCC would consult them on regional security issues. Even if there was no formal institutional arrangement, better diplomatic ties would at least allow them to communicate their preferences to GCC decision-makers. By 1989, the relationship was so poisoned that Saudi Arabia was solidly behind Iraq and showed little regard for Iran's wishes or needs. Even before diplomatic relations were officially cut, dialogue seemed to have dried up. Tehran needed to reopen communication with Riyadh and needed to convince the Saudis that normal relations were at least possible. Improving relations with Saudi Arabia would also remove barriers to expanding ties with the more sympathetic GCC states. This would make it easier for Iran to lobby the GCC through bilateral channels. In fact, these two tracks would appear to have been mutually reinforcing. Reducing tensions with the GCC as a whole would not only facilitate direct communication between Riyadh and Tehran, it would make the Saudis less resistant to the position taken by the moderate states. In contrast, during the 1987-1988 period, when Iran was apparently firing Silkworm missiles at Kuwait, and taking a very threatening posture toward Saudi Arabia, Oman and Qatar had little chance of steering the GCC toward a moderate position on Iran.

The situation with Iraq also required an improved atmosphere between Tehran and Riyadh. During the post-ceasefire negotiations, Iran needed as much diplomatic pressure on Iraq as possible and Saudi Arabia had as much, if not more, influence over Baghdad than any other state. If the Saudis understood that Iran could be a good neighbor under the

²¹² Palmer (2007) p.300

right circumstances, they would have more interest in making sure the settlement was acceptable to Iran and that Iraq lived up to its promises. After the ceasefire, it also became apparent that there were lasting tensions between Iraq and the GCC states. These tensions kept Iraq from assuming a dominant position in the Persian Gulf. This presented Iran with a window of opportunity, if only a small one. They needed to improve ties with the Saudis and the rest of the GCC before Iraq did.

Finally, Iran needed better relations with Riyadh if it wanted to limit the presence of outside powers in the Persian Gulf, particularly the United States. Better relations with Riyadh would remove the American pretext for remaining. In the best-case scenario, if Iran was less of a threat, the Saudis might conclude that the political costs of having the United States' military so close was no longer warranted.

So far, the three factors discussed have been considered together as acting as a stimulus for Iran's decision to pursue an accommodation with Saudi Arabia. It is possible though, that the provocation for Iran to change its policy was not its regional position in general, but simply decline along one of the dimensions discussed above. However, if each of these dimensions is examined in isolation, this does not appear to be the case. The GCC for instance, was formed in 1981, seven years before the change in policy. It is true the GCC had become more hostile in the 1988-89 period, but that was largely a function of events in the war. Even the arrival of the US Navy was more than a year before the decision to initiate accommodation. In fact, the number of tankers attacked by Iran increased after the arrival of the US Navy²¹³. This suggests that, at least initially, the move made Iran more aggressive, not less. Neither of these factors by themselves seems

²¹³ For a detailed description of events, see: Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 377-398.

to offer a sufficient explanation. This leaves the military defeats of 1988. Indeed, this appears to be the most powerful of the changes that affected Iran and may have been sufficient to provide the stimulus. However, because it happened in conjunction with US naval operations and the increasing hostility of the GCC, it is impossible to isolate it as a cause. This is not simply a methodological inconvenience; there are substantive connections between the three factors. Without Saudi and American support, Iraq would have had a difficult time standing up under Iranian pressure prior to 1987. Furthermore, if one imagines the defeats of 1988 taking place without the US naval presence, and with Iran less isolated vis-à-vis the other Arab monarchies, it is entirely possible that Iran would have continued the war, and continued its rivalry with Saudi Arabia. The connection between the factors is evident in Khomeini's correspondence with Rafsanjani at the end of the war. Khomeini did not argue that Iran could not beat-back Iraq, he argued that the US and its allies would never let Iran win.²¹⁴

Other developments at the Middle Eastern regional level reinforced Iran's decline within the Persian Gulf and likely impacted its relationship with Riyadh. Through most of the war, the majority of the Arab world backed Iraq to one extent or another. The only exceptions were the Shi'a of Lebanon and Syria. The Syrians had in fact become Iran's main strategic ally, even though the country was ruled by a regime that was ideologically very similar to that of Iraq. Syria helped Iran maintain its relationship with Lebanon's Shi'a community, especially Hezbollah. The Asad regime also gave the Iranians diplomatic support and kept pressure on Iraq from the west. Most importantly, in 1982 Syria closed the Kirkuk-Banias pipeline, cutting Iraqi access to the Mediterranean and

²¹⁴ Kaveh L. Afrasiabi, "Iran: Khomeini's 'killer poison' returns," *Asia Times On-Line*. See also: Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 438.

reducing its crude exports to 650,000 BPD²¹⁵. By 1988, there were signs that Syria's commitment to the alliance was slipping. There were rumors of diplomatic contacts between Damascus and Iraq and Syria went along with the Arab League declaration condemning Iran for the disturbances at the 1987 Hajj²¹⁶. Although this alone would not have forced Iran to change its policies in the Persian Gulf, it underlined Iran's growing isolation.²¹⁷

Iranian-Saudi Bilateral Relations

As discussed in earlier pages, the Iranian-Saudi rivalry is a multidimensional relationship. In the course of the 1980s, Iran's position declined along virtually every dimension of the rivalry. In particular, Iran had lost a great deal of ground in terms of the positional dimension of the rivalry. Prior to the war, Iran and Saudi Arabia were referred to as the twin pillars, but they were more aptly described by Ahrari as "one-and-half pillar"²¹⁸. Iran's military capabilities gave it a decisive advantage in the two states' positional rivalry. By the end of 1988, and in fact even before that, the situation had been reversed. The war had undermined Iran's military power and Saudi Arabia had seized the diplomatic initiative through the formation of the GCC. Indeed, prior to the revolution, when it was at the height of its influence in the Persian Gulf, Iran had tried to shepherd its

²¹⁵ Iranian attacks on Iraqi Persian Gulf facilities had reduced output from 3.5 million BPD to 1 million BPD. The Syrian decision in 1982 cut that by a further 33% and forced Baghdad to implement austerity measures. See: Andrew Parasiliti, "Iraq's Military Containment of Iran," *Journal of South Asian and Middle Eastern Studies* vol. XIII, no. 1 & 2 (Fall/Winter 1989): 135-136.

²¹⁶ Anoushiravan Ehteshami and Raymond A. Hinnebusch, *Syria and Iran: Middle Powers in a Penetrated Regional System* (London; New York: Routledge, 1997).97.

²¹⁷ Conditions in Central Asia did not seem to play an appreciable role in the initiation of accommodation. Iran and Saudi Arabia pursued their ideological rivalry in Afghanistan, where they backed competing factions among the Mujahadid. However, this aspect of their rivalry seemed to be driven by what happened in the Persian Gulf rather than the other way around.

neighbors into an organization such as the GCC but failed. Although the Saudis remained militarily the weakest of the three major Persian Gulf states, it was arguably the strongest diplomatically by 1988. After all, Iraq was no more likely to gain admittance to the GCC than Iran. One could argue that it was this change in the positional rivalry that triggered Iran to change its policy in 1988.

Such an argument would be very similar to one of the arguments made above, that Iran changed policy in response to its exclusion from the GCC. The fact that Riyadh had become more diplomatically influential than Iran must have been troubling to the Iranians, but they did not change policy in 1981 when the GCC was formed. Moreover, the rhetorical attacks that Iran launched against the Saudis did not focus on their role in the GCC. Instead, they focused on Saudi Arabia's support for Iraq and for Riyadh's growing military cooperation with the United States. The direct positional competition between Iran and Saudi appeared to have been secondary to Tehran, and important mostly in terms of how it fed into regional security issues.

The economic rivalry between the two states in OPEC had also turned against the Iranians. Even prior to the revolution, Iran had taken a backseat to Saudi Arabia in OPEC due to the latter state's superior endowments. However, in the 1980s the competition was more intense because the price of oil had declined relative to the late 1970s and because the war put increased pressure on Iran's economy. Simply put, this dimension of the rivalry was more important to Iran in the 1980s. During this period, Saudi Arabia consolidated its hold on OPEC policy and seemed less receptive to Iran's demands. As a result, Iran was openly critical of the Saudis' position in OPEC, claiming that their

²¹⁸ M.E. Ahrari, "Iran in the Post-Cold war Persian Gulf Order," in Ahrari and Noyes, *The Persian Gulf after the Cold War*, 83.

policies were driven by politics rather than the economic well-being of the cartel and its members. Considering the economic significance of OPEC for Iran, this may have been enough to drive them towards accommodation. Indeed, just before the end of the war, the Saudis pressured Iran into accepting the same quota as the Iraqis, which was a change from the status quo and a direct blow to Iran's ability to keep pace with Iraqi military spending.

Undoubtedly, this issue was very important to Tehran. It directly impacted Iran's economy and, by extension, hurt the country's military position and increased pressure on the regime. Nevertheless, it would still seem to be a secondary factor in the decision to pursue accommodation. The largest blow Iran suffered within OPEC actually occurred in 1986, when Saudi Arabia "trashed the market". Riyadh justified its actions by arguing that, given the extent of overproduction, something had to be done to restore discipline²¹⁹. Iran saw their actions as a direct attack on their war effort. Regardless of why, the bottom line remained the same -Saudi Arabia flooded the market with cheap oil. Not only did this drive the price of oil down drastically, it secured for the Saudis a much larger market share. The events of 1986 had the largest impact on Iran in terms of revenue and in terms of their relative position within OPEC. If this was the main driving force in the relationship with Saudi Arabia, it would seem logical that they would look for an accommodation at this point, not two years later.

The ideological dimension of the rivalry also bears consideration. Iran criticized Saudi Arabia throughout the 1980s for what was described as its "American brand" of Islam and presented itself as an alternative model. In the early years of the revolution, there were concerns that Iran's Islamic message would spread through the region creating

instability. Indeed the revolutionaries' rhetoric suggested that Iran was only the first in a broader wave of Khomeini inspired Islamic revolutions. By 1988 however, Iran had made little progress on this front. Certainly there was a demonstration effect from revolution, but the states in the region had largely been able to check the spread of Iran's message. Perhaps more importantly, Saudi Arabia had effectively barred Iran from one of the most important battlegrounds of the ideological rivalry, the annual Hajj. Iran rejected the restrictions Saudi Arabia tried to impose after the rioting and stampede in 1987. Specifically, Saudi Arabia would only admit 55,000 Iranians; a number which, Riyadh claimed, was justified on the basis of Iran's population in comparison to the population of Muslims worldwide. Iran, for their part, claimed their number should be 150,000. Tellingly, in the diplomatic dispute that followed, Saudi Arabia got the upper hand. The Arab League Summit held in November of 1987 placed the blame for the deaths with Iran²²⁰. Although this was not entirely surprising, the statement was also supported by Iran's closest ally, Syria. According to Cordesman, the events at Mecca even pushed the moderate GCC states, such as Qatar, closer to the Saudi position on Iran²²¹.

The importance of this issue in Iranian politics should not be underestimated. The Hajj was more than an opportunity to proselytize or to pressure the Saudis. Securing Iran's access to the pilgrimage was intrinsically valuable to the Iranian leadership. The quota dispute also had domestic political implications. For a regime that justified its leadership in terms of promoting an Islamic way of life, having the nation's Hajj privileges revoked or restricted was a serious blow. Like oil pricing, this issue was sufficiently important to potentially act as a stimulus for accommodation. Indeed, the

²¹⁹ Fareed Muhamedi, "OPEC Since the Gulf War," *Middle East Report* (May-June 1992): 39.

²²⁰ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 55.

timing of Iran's initial attempts to pursue accommodation suggests a very close relationship between the two. Iran seemed to change its position right after the Saudis cut formal ties, which was a direct result of the failure of the two sides to reach an agreement on the Hajj issue.

Nevertheless, it does not appear that this issue played the role of trigger. As discussed in earlier pages there were still deep divisions in 1988 between the various factions. While the pragmatists favored normalizing the country's foreign relations, others continued to emphasize ideological values and favored the continued export of the revolution. Both groups recognized the importance of the Hajj, but the latter group seized on the issue as the defining issue in Iranian-Saudi relations. However, instead of arguing that Iran needed to improve relations with Riyadh to regain access to the pilgrimage, they rejected any dialogue with Saudi Arabia until it conceded all of Iran's demands. This suggests that the Hajj issue played a permissive role rather than that of a stimulus. For those who emphasized ideological values, it was a reason not to seek an accommodation. For those pursuing a pragmatic agenda, the Hajj issue was not the stimulus for accommodation but an obstacle that had to be removed before accommodation could take place.

The Global System

Through the 1980s, the global system continued to be dominated by the Cold War. Of the two superpowers, the United States was the most directly involved in the Iranian-Saudi rivalry. The United States, as discussed in the preceding pages, played a significant role in shaping the regional and bilateral environments. It could be argued, therefore, that

²²¹ Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 394.

Iran's rapprochement with Saudi Arabia can best be understood as a direct consequence of changes in US policy. According to the logic of this argument, Iran pursued accommodation because Washington decided to commit its naval forces to the Persian Gulf with the intention of directly protecting its own security interests in the region. This decision could be traced back from the initial plan to develop an RDF through to the Carter Doctrine, the Regan codicil, and the naval build-up of 1987. Therefore, as the US presence expanded, Iran was forced to reconsider its rivalry with Saudi Arabia.

This argument would not be so much wrong as it would be incomplete. Rather than focusing on Washington, Iran's policies toward Saudi Arabia need to be explained in terms of regional dynamics. Washington had decided to move away from the Nixon Doctrine as early as 1977; however without the revolution and the Iran-Iraq war the new American approach might never have gotten past the creation of CENTCOM. Moreover, as was discussed above, the impact of the US Naval presence on Iranian policy needs to be considered in conjunction with other regional events, such as the loss of the Fao Peninsula and the harder position taken by the GCC.

It would also be possible to argue that the changes in Iran's policies at the end of the 1980s could be attributed to changes in the distribution of power at the global level - specifically, to the end of the Cold War. Although relations between Tehran and Moscow were very poor in 1987-88, the gradual Soviet disengagement from the developing world opened the way for the United States to become more active in areas such as the Persian Gulf. This argument, however, would be problematic for two reasons. First, while the United States was expanding its presence in the Persian Gulf, the Soviets were still players in the region. Indeed, the Soviets were also escorting Kuwaiti tankers in the late

1980s. Cordesman, in fact, argues one of the reasons the United States were anxious to begin re-flagging Kuwaiti tankers was a fear that if they did not, the Soviets would take their place²²². This suggests that while tensions had eased in the Cold War, it was still not over. Furthermore, in the late 70s and early 80s, the main obstacle to the US's presence in the Persian Gulf was not the Soviet Union, but the objections of the Arab monarchies.

Domestic Politics

Rather than looking at any of the three levels of the external environment, it may be possible to explain the change in Iran's policy toward Saudi Arabia through changes in the domestic environment. The period between 1988 and 1989 was a particularly tumultuous time in the revolution's history and there are two ways in which it could be argued that it provided the stimulus for a change in policy toward Saudi Arabia.

First, it could be argued that a change in leadership was the key. The period in question has been described by authors such as Shireen Hunter and Anoushiravan Ehteshami as the birth of a second republic²²³. Ayatollah Khomeini died in June of 1989 and more pragmatic members of the clergy gradually took control of decision-making. It could be argued that the new elite was less ideological and therefore predisposed toward seeking an accommodation with Saudi Arabia as well as other states.

At first glance, the timing of events would seem to support this argument. In June 1988, Hashemi Rafsanjani was appointed Commander-in-Chief of the military. Shortly after this Iran accepted UN resolution 598 and in October began signaling the Saudis and

²²² Ibid., 329.

²²³ See: Ehteshami, Nonneman and Tripp, *War and Peace in the Gulf: Domestic Politics and Regional Relations into the 1990s*, 4. Shireen Hunter also uses the term, see: Shireen Hunter and Georgetown

the other Gulf states that it wanted better diplomatic relations. A closer look, however, suggests that this was probably not the stimulus for policy change. Although pragmatists such as Rafsanjani had gained power in the period immediately preceding the initiation of accommodation, the ultimate decision-maker remained Khomeini, and he oversaw the changes that were taking place in Iran's domestic and foreign affairs. It was Khomeini who appointed Rafsanjani C-in-C and it was Khomeini who demoted his main political opponent, Ayatollah Montazeri in March 1989. The change in Khomeini's thinking was also clear when another of Rafsanjani's opponents, Prime Minister Mousavi, offered to resign because he was no longer being consulted on key decisions. Khomeini therefore backed Rafsanjani's rise to power and even though he may not have liked the new direction of Iran's foreign policy, he was aware of the change and seemed to accept it. For instance, Khomeini accepted the ceasefire with Iraq even though he likened it to "drinking from a poisoned chalice". Indeed, Ehteshami argues that Rafsanjani was careful to ground his policy choices in positions taken by Khomeini. Rather than a change in leadership, the change in thinking can be better explained in terms of the evolution of motivations discussed in the previous section and perhaps learning, which will be discussed below.

The second domestic argument would focus on economic decline and the impact this had on regime security. As noted above, events in OPEC were inconsistent with the timing of the changes in Iran's policies. However, in the latter half of the 1980s there were growing concerns not simply about the price of oil, but the overall state of Iran's economy. Iran's economy had suffered through the turbulence of the revolution followed

University. Center for Strategic and International Studies., *Iran after Khomeini*, The Washington Papers, (New York: Praeger, 1992).

by eight years of war. During the fighting, resources that would have otherwise been directed toward development were used to maintain the war effort. There are varying estimates of Iran's military expenditures. Rafsanjani made a general claim that 60-70% of the country's income had been spent on the war. The IMF estimates that in the years between 1986 and 1988, defense spending accounted for 14.2%, 11.8%, and 11.7% of government expenditures respectively. Official Iranian estimates claim that between 1981 and 1988, defense represented 14.4% of government expenditure. The country also absorbed a tremendous amount of damage to its economic infrastructure. The U.N. estimated that Direct Economic Damage (DED) to Iran amounted to 97 billion. Iran's calculations were more than four times that amount²²⁴. As noted earlier, Iran's oil production fell from 5.6 million barrels per day (BPD) in 1976, and did not rise above 2.9 million BPD until the end of the decade²²⁵. To make matters worse, the price of oil dropped drastically during the 1980s, from \$30.75 per barrel in January 1980 to \$16.04 in January 1989. Between the damage to Iran's oil industry and the drop in oil prices, the value of Iran's oil revenues declined by almost 62% in the years between 1978 and 1988²²⁶.

These conditions had a serious impact on the day-to-day lives of Iranians, and forced the government into a series of economic adjustments. Unemployment was estimated at 28% in 1988, while real per capita income had fallen by approximately 50% relative to the 1976-68 period. These conditions were reflected in government planning.

²²⁴ Amirahmadi, "Economic Destruction and Imbalances in Post-Revolutionary Iran," in Amirahmadi and Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf*, 71.

²²⁵ Jahingir Amuzagar, "The Iranian Economy Before and After the Revolution," *The Middle East Journal* vol. 46, no. 3 (Summer 1992): 419.

²²⁶ Sinclair Road, "Trade and Business Prospects for the Gulf," in Charles Davies, *After the War : Iran, Iraq, and the Arab Gulf* (Chichester: Carden Publications, 1990).195.

During the oil price crash of 1986, the government declared an austerity program and the government began borrowing domestically and budget allocations to state ministries were slashed. By 1988, this was abandoned and the government began half-hearted efforts to liberalize the economy and began contemplating borrowing abroad. Both of these measures were serious departures from the revolution's original socialist economic planning²²⁷.

Given the drastic nature of these economic developments, it would seem reasonable to argue that they were sufficient to trigger the change in Iran's policy toward Riyadh. Saudi policies, as discussed above, had badly hurt Iran's economic interests in OPEC. An accommodation might make the Saudis more sympathetic to Iranian interests in the future. Also, as Rafsanjani and his pragmatist associates argued, improving Iran's international image was vital for attracting foreign investment. Although the ultimate target of this policy was the west, normalizing relations with Riyadh would send the message that Iran was no longer unstable and dangerous.

A closer look, however, again suggests that economic decline was not the immediate stimulus for accommodation. While the economy was certainly a major concern for the regime in 1988, the biggest shock to Iran's economy had actually occurred in 1986. The oil price crash that year meant that Iran received only \$5.8 billion in oil revenue rather than the anticipated \$15 billion²²⁸. Consequently, the budget deficit more than doubled and for the first time since the early 1970s, Iran relied on taxes more than oil for its public revenue²²⁹. This also caused a foreign exchange crisis for the

²²⁷ See Ehteshami, *After Khomeini*, 91-95

²²⁸ Amirahmadi, "Economic Destruction and Imbalances in Post-Revolutionary Iran," in Amirahmadi and Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf*, 71.

²²⁹ Ehteshami, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 96.

government. Iran went from a positive balance of \$708 million in 1985 to a deficit of \$37 billion in 1986. By 1987, the deficit had been reduced to \$483 million. Nineteen Eighty-Six was also the year in which Iran suffered the greatest war damage: 29% of the total DED occurred that year as opposed to 11% in 1987 and 12% in 1988. Moreover, the total DED for that year represented 48% of the year's GDP²³⁰. Therefore, if an economic crisis had forced Iran to seek an accommodation, it would seem more likely to have happened in 1986 than in 1988.

It is possible that the stimulus was not so much a sudden shock as a slow irreversible decline. However, even this is a problematic explanation. Despite the problems discussed above, the Islamic Republic had not yet hit rock bottom. Although Iran's policies were ultimately unsustainable, there was no imminent economic crisis in 1988 that demanded that Iran reorient its foreign policy. There was growing criticism of the war and government policies, and there were some disturbances, but the stability of the regime was not threatened in the short term. This was reflected in the nature of post-war economic planning. Rather than a populist approach designed to relieve political pressure, the 1989 five-year plan emphasized supply side economics, which would benefit industry and business rather than the general public²³¹. This suggests that the government thought it had enough political time to take a long-term approach to dealing with the economic situation. In addition, Iran had other options that it could have pursued instead of accommodation. First, the Islamic Republic was still relatively debt free. Iran had financed its deficit spending by borrowing domestically. The terms would not have

²³⁰ Amirahmadi, "Economic Destruction and Imbalances in Post-Revolutionary Iran," in Amirahmadi and Entessar, *Reconstruction and Regional Diplomacy in the Persian Gulf*, 71.

²³¹ For a detailed discussion of Rafsanjani's first 5-Year Plan, see: Ehteshami, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 100-115.

been favorable, and it would not have been a long-term solution, but if it was necessary, Iran could have borrowed money to avoid a short-term crisis. Second, even if Iran was unable or unwilling to borrow and was forced to accept the cease-fire, it could have continued its rivalry with Riyadh. While it certainly made economic sense to pursue an accommodation with the Saudis, simply ending the war would have removed a great deal of pressure from the economy. Iran's economy may have eventually forced it to change its policies, but it could have held out beyond the end of 1988.

The Psychological Environment

Perceptions and Intentions

In the preceding pages, it was argued that the stimulus for the decision to pursue accommodation was Iran's declining political/military position in the Persian Gulf. This was based on objective indicators. Although this argument seems consistent with Iranian behavior, it remains to be demonstrated that the political elite perceived the environment as was described above or consciously reacted to it in the way inferred. To draw the connection between the objective stimulus and the psychological environment in which decisions were made, two questions need to be answered. First, did Iran's leadership perceive the decline described in the previous pages. The answer to this appears to be yes. There is no question that Iran's leadership perceived the gravity of their military defeats on the Iraqi front in 1988. Iran lost a series of military battles, losing important military resources and being pushed from the Iraqi side of the border back onto their own territory. They did not simply lose the strategic initiative or a subtle positional advantage. Although

the losses did not result in Iran's immediate acceptance of resolution 598, it did lead to the appointment of Hashemi Rafsanjani as Commander-in-Chief of the military. Although Iran's initial reaction to the presence of US naval forces was defiance, the US commitment to the re-flagging mission eventually became apparent. In April of 1988, Rafsanjani said, "Time is not on our side anymore. The world -I mean the anti-Islamic powers- have decided to make a serious effort to save Saddam Hussein and tie our hands"²³². Shortly thereafter, the downing of Iran Air 655 underlined their vulnerability. Iran was also aware of its declining diplomatic position among the GCC states. In 1989, Rafsanjani emphasized the need for Iran to stop making enemies. Just as importantly, Iran acted as if it was aware of the situation. As the GCC issued increasingly hostile statements, Iran tried to separate the hard-line states (Saudi Arabia and Kuwait) from their more moderate partners. They were threatening and belligerent toward the former two states, while they tried to charm the others. The economic problems facing the country were even more salient to the leadership. As the war drew to a close, there was a consensus across the spectrum of Iran's elite that economic reform was a necessity for the continued well-being of the revolution. In fact, as the war drew to a close, there was a growing consensus that Iran needed widespread reform. In part, this was due to the economic malaise, but there was also a more general belief that the regime had made serious mistakes that needed to be rectified. This involved changing the basic premises of the country's foreign policy as well as the inefficiencies and contradictions of the political system.

The second question is whether the accommodation with Saudi Arabia was intended to address these issues. There is evidence to support this in the debates played

²³² Cordesman (1988) p.438

out in the Majlis and the press once Rafsanjani began trying to implement his “Good Neighbor Policy”. The substance of the debates demonstrated that at least the pragmatists were aware that the rivalry with Riyadh was undermining their regional position and needed to be reconsidered. In one notable speech, Rafsanjani argued “one of the things we did... was to constantly make enemies... we should behave in a way not to needlessly leave ground to the enemy”²³³. The importance of this pragmatic approach to Saudi relations was reiterated in interviews conducted with political observers and foreign policy officials in Tehran. Although they described the relationship as being multifaceted, they emphasized the importance of Riyadh’s relationship with Baghdad and Washington. Iran’s policy toward Saudi Arabia was also described in terms of isolating Iraq.

Summary

The preceding discussion suggested that the stimulus for Iran’s decision to pursue an accommodation with Saudi Arabia was its declining regional position. Iran went from being the gendarme of the Persian Gulf to arguably the weakest of the three Gulf powers. By October 1988, it could not match Iraq’s military power or Saudi Arabia’s diplomatic and economic clout. Other factors were also pushing Iran in the direction of accommodation, but their importance was either secondary or they played a different type of role in shaping policy. In terms of bilateral relations, the decline Iran experienced in the positional aspect of the rivalry contributed to its declining regional position. However, it did not appear that this alone triggered Iran’s shift to accommodation. The decline along the ideational and economic dimensions of the rivalry also reinforced Iran’s decision, but they were not sufficient in themselves to play the role of stimulus. As will

²³³ Marschall *Iran’s Persian Gulf Policy*, 95.

be discussed in the following section, ideational issues, Hajj disputes in particular, also played a permissive role in the policy equation. The impact of US policy was also two-dimensional. The build up of American naval forces contributed to Iran's declining regional position. The build-up also constrained Iran's ability to act decisively against either Saudi Arabia or Iraq. This too will be discussed below among the factors involved in permissive causality. Finally, at the domestic level, the rise of a pragmatic leadership did not spark the change in policy. However, as will be discussed in the following pages, the consolidation of the new leadership was an important permissive factor in accommodation. Furthermore, once in control, the preferences of this group dominated the motivations and concerns that underlay Iran's policies. In particular, their concerns about the country's ailing economy played an important role in shaping how they responded events, even if the economy itself did not play the role of stimulus.

C. Permissive Factors

Once Iran's decision makers had concluded that their position was deteriorating, it was not a foregone conclusion that their response would be accommodation. It is conceivable that Iran might have chosen to escalate their rivalry with Saudi Arabia in an attempt to coerce the al-Saud into concessions. It is also possible that Iran might have done nothing, either because domestic opposition constrained policy-making or because Iran's leadership believed their setbacks were only temporary and could be waited out.

It will be argued below that while there were obstacles to accommodation, the constraints on escalation were much more formidable. At every level (bilateral, regional, global), the external balance of power weighed against a coercive strategy. Moreover, at the domestic level, such a strategy would have meant risking the security of the regime. To further tilt the balance toward accommodation, there were also opportunities –mostly bilateral- for diplomacy.

Operational Environment

Iranian-Saudi Bilateral Relations

Whereas the stimulus for accommodation could be found at the regional level, the bilateral level was more important in terms of permissive factors. First of all, Iran's failed attempts to pressure the Saudis between 1987 and 1988 had discredited escalation as an option. After Iran had seized the Fao Peninsula in 1987, it amplified its rhetorical attacks against the kingdom. At the same time, Iran's military assumed a threatening posture against both the Saudis and the Kuwaitis. Iran at this point was in its strongest position vis-à-vis the Saudis. However, instead of backing down, Riyadh increased its support for the Iraqis and increased its military co-operation with the United States. If anything, Iran's attempts to coerce the Saudis backfired. The more pressure that was applied, the closer Riyadh moved toward Iran's enemies. Increasing pressure on the Saudis also hurt Iran's relations with the friendlier states of the region. Syria, the closest thing Iran had to an ally in the Arab world, backed the Saudis on the Hajj issue while the more dovish states of the GCC adopted a harder line on Iran after 1987 Fao offensive.

Relative to 1987, Iran's ability to exert pressure had declined significantly by late 1988. The growing presence of the US in the Persian Gulf and reversals in the war with Iraq left Iran in a much weaker position. Escalation was therefore not a viable option. At the same time, there were also indications that Saudi Arabia would be willing to accept an accommodation. In November of 1988, King Fahd made a speech in which he indicated that Riyadh desired normal relations with Iran. Further statements over the next year repeated this sentiment, indicating that normal relations depended on Iran's behavior – specifically in accepting the principle of non-interference in the domestic affairs of its neighbors²³⁴.

The impact of these two bilateral level factors can be best appreciated if they are considered together. In combination, they channeled Iran's policies toward accommodation. Escalation and coercion were unlikely to work while there appeared to be an opportunity for diplomacy and compromise. To the extent that Iran needed to get concessions from Saudi Arabia, accommodation was therefore the most rational strategy. If either one of these two conditions were absent the outcome might have been different. If escalation was viable, it might have been preferable to the Iranians even if reciprocity was anticipated. Or, even if coercion was not viable, if reciprocity was not anticipated escalation might have been chosen as a last desperate resort.

The Regional Context

The mix of opportunities and constraints at the regional level paralleled those at the bilateral level and reinforced the trend towards accommodation. At the point when the

²³⁴ See for example: London Al-Majallah, "GCC Official Cited on Negotiations with Iran," FBIS-NES-89-248 (December 28, 1989): 1.

decision was being made to pursue accommodation, the balance of military force was overwhelmingly against the Iranians. Just as they had tried to increase the pressure against the Saudis in 1987, Iran had tried to escalate the level of conflict against the Iraqis, the Americans, and the Kuwaitis in the period between 1987 and 1988. As was the case with the Saudis, this tactic only hardened the position of Iran's opponents. The Kuwaitis moved closer to the Iraqis and the Americans. The Americans increased their naval presence in the Persian Gulf and inadvertently shot down a civilian airliner, Iran Air 533. Finally, the Iraqis launched a series of military offensives, which dislodged Iran from the Fao Peninsula and forced it to accept a cease-fire. Escalation was therefore not an option against either the Saudis or their allies.

With the cessation of hostilities, the regional situation also became more conducive to Saudi reciprocity. Although Tehran and Riyadh differed on the armistice negotiations, the ceasefire reduced the overall level of tensions. At the very least, there was no longer the worry that the war would bring the Saudis and Iranians into direct conflict. The ceasefire also allowed Iran to begin repairing its relationship with Kuwait, which had been another significant irritant in Iranian-Saudi relations. Indeed, once Iran accepted the resolution, it was immediately congratulated by the governments of the GCC states. Iran responded by going on what was referred to as a "charm offensive", as it tried to take advantage of the new opportunity. Not only did this improve relations with Riyadh's allies, it also gave the Iranians an opportunity to demonstrate that they could be responsible neighbors in the Persian Gulf.

The Dominant System

The global level was more complex, with the permissive factors at that level being mixed. On one hand, the US was not a good candidate to play the role of mediator. On the other hand, the balance of power between the US and USSR reinforced the local constraints on escalation.

According to Miller's argument, discussed in earlier pages, the emergence of a one-power system in the late 1980s should have facilitated regional accommodation because the United States should have been in a better position to mediate. However, in this case that was not likely to happen. In 1988, there was simply too much hostility between Iran and America for Washington to act as a mediator. There were rumors that Rafsanjani tried to initiate secret contacts with Washington at the end of the 1990s, and on several occasions he appeared to be making gestures to the US by intervening in Lebanon to win the release of western hostages. Domestic constraints, as noted above, made it impossible for Rafsanjani to make any bolder gestures, and it is far from clear that the US would have reciprocated. American observers doubted Rafsanjani could deliver Iran and, in general, the US seemed more interested in keeping Iran isolated and cultivating a relationship with Baghdad.

It is not clear to what extent the Americans actively interfered in Iranian-Saudi relations at this point. The simple fact that there was so much tension in the American-Iranian relationship complicated the relationship between Tehran and Riyadh. As discussed in earlier pages, Riyadh's relationship with the United States was one of the chief sources of friction between the two. The greater the hostility between Washington and Tehran, the harder it was for the two Persian Gulf states to trust each other.

At the end of 1988, Iran did not have particularly good relations with Moscow either. However, Iran's diplomatic overtures toward Moscow met with more success. Before Khomeini died, he sent Gorbachev a letter suggesting Islam as a cure for the Soviet Union's difficulties. Gorbachev seemed more attracted to the western model, but Rafsanjani followed the letter up with further diplomatic contacts, which included a trip to Moscow as well as significant arms purchases. However, while this was the beginning of an important long-term relationship for Iran -particularly in terms of arms procurements- the Soviets were beginning a period of retrenchment and had begun to retreat from the Middle East. Iran's new relationship with Moscow therefore did not allow Iran to counterbalance the US or the forces aligned against it in the Persian Gulf.

The mix of opportunities and constraints at the global level seemed to cancel each other out. Indeed, the global system does not appear to have been the decisive level, on its own, in determining the permissive conditions faced by Iranian decision-makers. However, the correspondence between the global balance of power and the local balance of power made for a very powerful constraint on escalation. Even though the US could not facilitate accommodation, the balance of permissive factors at this level therefore still favored accommodation.

The Domestic Environment

At the domestic level, the mix of opportunities and constraints was again complex, but ultimately it too favored the path to accommodation. The domestic obstacles to accommodation were significant. However, the constraints on maintaining a confrontational policy were prohibitive. While making concessions would be politically

difficult, continuing to pursue an adversarial relationship with Saudi Arabia threatened the long-term security of the regime.

Iran's foreign policy has often been explained in terms of domestic politics and factional competition. As discussed in earlier pages, domestic political rivalries and factional politics played important roles in the US hostage crisis, as well as at the beginning of the Iran-Iraq war. Once the war had begun, factional politics also played an important role in its persistence. Suggesting a compromise with an ideological enemy such as Saddam Hussein was politically very risky. Even if it was the most rational course of action; making such a suggestion would have meant leaving oneself vulnerable to political enemies. Only Khomeini was able to stand above the intense fray of Iran's factional battles. Arguably, compromising with Saudi Arabia should have faced the same type of obstacle. The al-Saud were close to the United States and had actively backed Iraq. The Saudis also clashed with Iranian pilgrims and Khomeini had singled them out for criticism in his speech accepting UNSCR 598. The Saudis' position as an ideological enemy of the revolution was well established. The domestic environment, therefore, could have been expected to produce the same rigid, unyielding policies toward Riyadh as it did toward Baghdad, Tel Aviv, and Washington. This potentially could have forced Iran to react aggressively to the situation, or it could have made it impossible for Iran to react at all.

Another obstacle was Ayatollah Khomeini himself. Khomeini, of course, had come to personify the radical ideology of the revolution, particularly the hostility towards Iraq, the United States, and its allies. Khomeini had also targeted the al-Saud in his rhetorical attacks. One might have expected then that Khomeini would have personally

blocked any attempt to reach an accommodation with Saudi Arabia. Indeed, it has been frequently argued that the moderation in Iran's foreign policy did not begin until after Khomeini died.

Both of these arguments are easily overstated, however. First of all, Khomeini does not appear have been an obstacle because of the timing of events. Khomeini did not pass away until June of 1989, whereas the change in Iran's foreign policy can actually be dated back to October 1988. While Khomeini was ill by that time, he remained politically active and there was no sign of him criticizing the government's diplomatic overtures toward Saudi Arabia. It is also hard to imagine that such a policy could have been pursued without Khomeini's approval.

Secondly, not only was Khomeini still alive while Iranian politics began to moderate, he played a key role in promoting the pragmatists. As discussed in the section on motivations, important political changes were taking place in the late 1980s. There was a growing consensus that changes needed to take place. While different opinions were held about how these changes were supposed to be made, the pragmatists had emerged with Khomeini's help as the dominant political voice. While this might seem inconsistent with Khomeini's reputation, it is important to keep in mind that his ideology was often tempered with pragmatism. Khomeini approved the arms-for-hostages deal, which involved co-operating with the United States as well as Israeli arms dealers. Khomeini also accepted the cease-fire with Iraq. Although he likened it to drinking from a poisoned chalice, he was willing and able to accept the reality of Iran's declining position.

There were, nevertheless, obstacles operating at the domestic level. They worked in subtler ways, however. First, while Khomeini was alive, the Saudis had misgivings about Iran's long-term intentions. Despite the signs of moderation discussed above, Khomeini's reputation remained an impediment. Indeed, even while Khomeini was accepting SCR 598 he was making threats of future revenge against Saudi Arabia and Kuwait. This complicated the initiation of accommodation, particularly because it put Saudi reciprocity in some doubt. However, while it increased the degree of difficulty, it did not put a halt to the policy.

The second issue was the domestic response to the Hajj dispute. Saudi restrictions on Iranian pilgrims infuriated many among Iran's political elite, including Khomeini, and the issue was used to vilify the al-Saud in the Iranian press. The Hajj dispute was the type of issue that could have been used to revitalize the ideological dimension of Iranian politics and push the country back into a radical confrontational posture. However, it was an issue that cut two ways. It also provided the pragmatists with an ideological justification for accommodation. In addition to whatever practical returns the policy would bring, it also promised to allow Iranian pilgrims to return to the Hajj. At the point when initiation took place, the issue seemed to be hanging in the balance. Later, when the pragmatists could not quickly resolve the dispute, there was a backlash and it became a significant obstacle to maintaining accommodation²³⁵. However, at that point it was a question of dynamics not initiation.

The third obstacle was the domestic constraints on relations with the United States. As discussed above, Saudi Arabia was more likely to reciprocate Iran's overtures

²³⁵ See for example: Tehran IRNI, "Papers Criticize Khorasani Call for Saudi Ties," FBIS-NES-89-181 (September 20, 1989): 58.

if there was less tension in the American-Iranian relationship. Because of the symbolic importance of the United States in Iranian politics, this was a difficult issue to deal with in the late 1980s, as it has been in the years since. In part, this was due to the ideological mind-set of some of Iran's leadership. In part, it was also due to factional competition within Iranian politics. As was the case with the war with Iraq, if anyone other than Khomeini publicly advocated a rapprochement with Washington, they would have been vulnerable to their political enemies. The aversion to an accommodation with the United States also stemmed from the regime's ruling formula. Although the political pay-off for using the US threat as a diversion had declined greatly, the revolution continued to legitimize itself in terms of being anti-American. This allowed the regime to mobilize support as well as allowing the radical clerical leadership to justify their political position within the state. Making peace with the US would jeopardize this strategy.

The three domestic obstacles discussed above complicated accommodation, and made the results less certain. However, at that time, there were more powerful domestic constraints on the alternatives. As discussed in earlier pages, the Iranian economy was not on the verge of immediate collapse but it was deteriorating and could not hold up indefinitely. The economic situation, along with war fatigue, was also beginning to erode support for the regime. Many of Iran's political elite had therefore concluded that the Islamic Republic could no longer sustain a confrontational foreign policy. This is reminiscent of the situation Lebow described in the context of Soviet-American accommodation. Lebow argued that at least in part, Gorbachev needed to change the Soviet Union's foreign policy in ways that would facilitate his program of domestic

reform²³⁶. In the Iranian case, the same dynamic could be observed in 1988, although the domestic reform program was still in the process of being defined.

By the end of the war, Iran's economic planning had been reduced to a number of emergency measures, which would need to be replaced by a longer-term program. There were two alternative paths laid out: Prime Minister Mousavi favored a continuation of the previous statist approach to economic planning while Rafsanjani argued for a new market-based approach that would entail significant foreign investment and increased international trade. The first post-war reconstruction plan, introduced in late 1988, represented a compromise between the two strategies and in fact it would eventually be replaced in 1989²³⁷. Nevertheless, its success still depended on Iran's ability to generate income through oil revenue. Therefore, even though this was really only an interim plan, and significantly watered down Rafsanjani's demands for a more open, liberal economy, it still required better relations with Saudi Arabia and the other GCC states to ensure the stability of oil prices and improve Iran's bargaining position within OPEC²³⁸.

On balance, therefore, the domestic environment favored accommodation. There were clearly domestic impediments to improving relations with Saudi Arabia, but they were manageable. At the same time, the costs associated with an adversarial policy were unacceptable. Given the level of fatigue in the country, and more importantly the rate of economic decline, Iran could not maintain the level of hostility with Saudi Arabia, let alone try to escalate.

²³⁶ Lebow, "The Search for Accommodation: Gorbachev Comparative Perspective," in *International Relations Theory and the End of the Cold War*, 171.

²³⁷ Ehteshami, *After Khomeini: The Iranian Second Republic*, 97-98.

²³⁸ Later, after accommodation had been initiated and Rafsanjani was President, a five-year plan was adopted with a more clearly defined liberal agenda. However, because accommodation was already underway, it is more appropriate to discuss this as a factor in terms of dynamics.

Psychological Environment

Perceptions and Expectations

When considering the subjective aspects of Iranian policy choices, there are several questions that need to be asked. First, were the permissive conditions in the objective environment perceived in a way that was consistent with the description offered above? Second, how did they expect the objective environment to change over time? Specifically, did they perceive any windows of opportunity opening or closing? Finally, to what extent was their understanding of the opportunities and constraints shaped by learning?

By their nature, the perceptions of others are private and not available for objective examination. However, it is possible to examine the statements of political leaders, to draw inferences from their behavior and, finally, to make reference to the opinion of well-informed observers. These sources all need to be treated with some caution, but some conclusions can be drawn about how Iran's decision-makers saw the objective environment discussed above. At the bilateral level, it would seem that Iran's leadership both believed that coercion was a failed strategy and anticipated that Saudi Arabia would reciprocate its overtures. Over the course of 1988, a number of prominent Iranian leaders made speeches in which they discussed the failures of Iran's policies and the need for change. In 1988, Rafsanjani argued that Iran had "constantly made enemies" and "pushed those who could be neutral into hostility and did not do anything to attract those who could become friends"²³⁹. Similar comments were also made by Rafsanjani's political competitors, Prime Minister Moussavi and Ayatollah Montazeri. The latter

argued that rather than forcibly exporting the revolution to its neighbors, the Islamic Republic would be better served if it acted as an example for others to emulate²⁴⁰.

Some members of Iran's political elite continued to believe in a radical foreign policy. Indeed, Khomeini himself seemed to be one of them. In his first public statement concerning Iran's acceptance of UNSCR 598, Khomeini spoke of exacting revenge on Saudi Arabia at an "appropriate" time and warned both the Saudis and Kuwait that there would be "dangerous consequences" if they maintained close relations with Washington. He also warned the US and Europe to leave the Persian Gulf before it became a "quagmire of death"²⁴¹. However, the overall tone of the speech was resigned and suggested that Khomeini had accepted the reality of Iran's position. Up until a few days before the ceasefire was accepted, he claimed that he believed in continuing the war. He was convinced, though, by trusted "high ranking political and military experts" that Iran had to compromise for the sake of "the revolution and of the system".²⁴² While he might have preferred to maintain a confrontational foreign policy this speech and his promotion of pragmatists, such as Rafsanjani, signal a recognition that it was no longer a viable option for the country.

At the same time, there were also signs that Iran's leadership expected some degree of reciprocity from Saudi Arabia. First of all, according to Ehteshami, Iran and Saudi Arabia had been secretly discussing improving their bilateral relationship for over a month before the first public statements were made in November²⁴³. This suggests that

²³⁹ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 95.

²⁴⁰ Ehteshami, *After Khomeini: The Iranian Second Republic*, 138.

²⁴¹ See: Tehran Domestic Service, "Khomeyni Message on Hajj, UN Resolution 598," FBIS-NES-88-140 (July 21, 1988): 41-52.

²⁴² *Ibid.*, 28.

²⁴³ *Ibid.*, 38.

some groundwork had been laid and the Iranians had some idea of how Riyadh would react. Secondly, Foreign Minister Velayati explicitly linked Iran's behavior towards Saudi Arabia to Saudi Arabia's behavior toward Iran, say Iran would "respond positively to any real positive step" by the Saudis²⁴⁴. This clearly makes the principle of reciprocity a key issue in the relationship. Third, there were statements made by both King Fahd and Prince Sultan that Saudi Arabia wanted better relations. Indeed, Velayati's speech noted above was in direct response to the comments made by King Fahd. The Saudi speeches were also followed by concrete actions. In conjunction with Fahd's comments, the Saudi media stopped the rhetorical attacks that were being launched against the Islamic Republic²⁴⁵. Also, when Iran finally accepted UNSCR 598, Riyadh pressured a reluctant Iraq to follow suit. Finally, statements made by key Iranian decision-makers suggest that they believed that Riyadh would follow through on its promises. Deputy Minister Besharati for example, argued that ties should be renewed with Saudi Arabia "in light of the readiness" they had shown to take "serious steps" and to overcome the "conflict between the two states"²⁴⁶.

The perceptions of Iran's decision-makers also seemed consistent with the description of the objective environment offered above. As discussed above, Iran's leadership had largely accepted their inability to prevail in the war with Iraq. They also seemed to realize that their attempts to intimidate the region's other states had failed. Once again, Rafsanjani's statement concerning the cost of making enemies for no reason makes this clear. Iran's political elite also seemed particularly aware of the opportunities

²⁴⁴ Tehran IRNA, "Velayati Responds to 'Positive' Moves," FBIS-NES-88-205 (October 24, 1988): 64.

²⁴⁵ Ibid.

²⁴⁶ Tehran Domestic Service, "Besharati Comments on Persian Gulf Relations," FBIS-NES-88-225 22 (November 1988): 45.

created by the ceasefire with Iraq. Besharati claimed that the war had constrained Iran's options in terms of its foreign relations and that it was in fact the main obstacle preventing the expansion of relations between Tehran and Riyadh. With the ceasefire in place, he claimed these "limitations" had been removed and Iran, Saudi Arabia, and the other GCC states could begin co-operating on regional security issues as well as within OPEC.

Despite improving relations with Moscow, Iran's decision-makers also seemed to correctly interpret the end of the Cold War. With the Soviet Union withdrawing from the developing world, they understood that the United States would remain unchecked in the Persian Gulf. There were significant differences though, in terms of their perceptions of the United States. Many of the Iranian elite continued to see the US as an implacable foe. Others, such as Rafsanjani, seemed to think that some progress could be made with the Americans. Although the political climate within Iran made it difficult if not impossible to make this argument in public, the belief that Washington could be dealt with can be inferred from the pattern of Rafsanjani's behavior. He was one of the key players in the arms-for-hostages deal in 1986 and in 1989 he intervened again in Lebanon to secure the release of Western hostages. In the years to follow, Rafsanjani became more open in his desire to re-establish relations with the US and on several occasions he was rumored to have engaged in secret talks with Washington. Although much of this happened after the period being discussed here, it is indicative of his beliefs about the Americans and how Iran should deal with them.

This optimism might help explain why Iran would pursue accommodation with a US client even when the US was at best ambivalent about the policy. Rafsanjani and his

pragmatist allies might have believed that eventually Washington would come around. At the very least, this would simplify relations with the Saudis. However, the importance of this misplaced optimism should not be overstated. Iran's elite remained divided on the issue of relations with the US, and many of those who supported an accommodation with Riyadh were against the idea of an accommodation with Washington even if it was attainable. Iranian expectations about American reciprocity would therefore appear to be of secondary importance.

At the domestic level, there are a number of questions that can be asked about elite perceptions of the environment. The answer to the first question is fairly obvious. Clearly, Rafsanjani and the pragmatists were aware of the domestic constraints on pursuing accommodation and tried to navigate them while they initiated the policy. Several speeches were made by Rafsanjani and other pragmatists, such as Foreign Minister Velyati, justifying their approach to Saudi Arabia. They also tried to assure Iran's neighbors that the Islamic Republic could be a "good neighbor" despite the regime's ideology. One thing the pragmatists could not do, however, was distance themselves from Khomeini's legacy. Indeed, Rafsanjani and Khomeini were careful to associate themselves and their policies with Khomeini as much as possible. Whatever the external costs, domestically Khomeini was the ultimate source of legitimacy²⁴⁷.

The more interesting questions involve elite perceptions of the need for reform - specifically, its importance to the survival of the Islamic Republic's political system and the constraints it placed on the pursuit of a confrontational foreign policy. There were differences of opinion among Iran's elite concerning the severity of the situation. Rafsanjani reportedly believed that popular dissatisfaction had become such a serious

threat that it would ultimately undermine the stability of the regime. Although ending the war would be an important positive step, from Rafsanjani's perspective it would not be enough. Not only did the economy need the resources being diverted by the war effort, it needed to be fundamentally reorganized along the lines discussed above. Khomeini and Prime Minister Moussavi on the other hand were aware that public discontent was growing, but were not as concerned as Rafsanjani about the threat. Moreover, they did not necessarily endorse Rafsanjani's plans to create a more market friendly economy. Indeed, Moussavi's initial post-war economic plans were consistent with the type of statist economic planning that was pursued during the war.

Despite these differences, the balance of opinion would have still favored accommodation with Saudi Arabia. Even the hybrid reconstruction plan adopted in 1988 required better relations with Saudi Arabia to secure Iran's oil revenue. Moreover, while Rafsanjani was not in a position to implement all of the reforms he advocated, he had emerged as the dominant voice in Iran's Persian Gulf policy. Therefore his perceptions of the domestic situation and the implications for foreign policy likely had more weight in the decisions concerning relations with Saudi Arabia and the rest of the GCC.

Iranian perceptions of how objective conditions would change over time also need to be taken into account in this discussion. Had they believed that the situation was only temporary, they might have tried to ride out their setbacks and then reverse them when conditions were more favorable. Or, conversely, if they perceived a closing window of opportunity they might have felt compelled to act before the situation became frozen or perhaps even drastically worse.

²⁴⁷ Ehteshami, *After Khomeini: The Iranian Second Republic*, 138.

Based on what has been discussed above, it would appear that the weight of opinion within Iran was that the situation was deteriorating and would not get better without a change in policy. This was clear in the consensus that had formed around the need for domestic change. It was also clear in the speech made by Khomeini accepting UNSCR 598 wherein he said that other members of the regime had convinced him that changes in foreign policy had to be made to ensure the future of the revolutionary system.

It would also seem likely that Iran's leaders believed a window of opportunity had opened for them. As discussed above, there were commentaries in the Iranian press, including statements by Deputy Foreign Minister Besharati, arguing that the ceasefire changed regional dynamics, providing Iran with new diplomatic openings. Not only had the ceasefire removed an important source of tension between Iran and the GCC states, it revealed significant divisions between Riyadh and Baghdad. Differences initially began over Iraq's desire to press its military advantage over Iran, and Saudi Arabia's unwillingness to continue providing Iraq with financial support. Shortly thereafter, they became more serious as Iraq complained about OPEC over production and demanded debt relief²⁴⁸.

Although there was no way for Tehran to anticipate the invasion of Kuwait, even in 1988 the window probably appeared to be somewhat open ended. While Riyadh continued to support Iraq on other diplomatic issues, the divisions between the two Arab states remained, and there is no evidence that Iranian decision makers expected them to be bridged in the near future. Indeed, a former Iranian diplomat argued that that there is a

²⁴⁸ John Cooley, "Pre-War Gulf Diplomacy," *Survival* vol. XXXIII, no. 2 (March-April): 125-139.

tendency for the Saudis to look for a balance between themselves and Iraq and Iran²⁴⁹. During the 1970s, ideological divisions forced them closer to the Shah. In the 1980s the war forced them back towards Baghdad. With the war removed as an obstacle, they might have expected the Saudis to try to keep some political distance between themselves and Iraq. If this is how they saw the situation in 1988, then they would have expected the division between Saudi Arabia and Iraq to be a lasting one.

The final issue in terms of perceptions is that of learning. To conclude that learning had a role in shaping Iranian policy, it is not enough that the government changed the direction of its policy. Changing policies could simply have been the product of a changing environment. For learning to be evident, there must be some sign that new policies are being used for old problems, or at least old policies are being improved to better meet the demands of the environment. In terms of Iran's policies at the end of the Iran-Iraq war, the changes that did take place do suggest that some learning had taken place. First of all, Khomeini changed his mind about accepting the ceasefire with Iraq. Even after the military defeats earlier in the year, he had still wanted to continue the war but was convinced by other members of the regime that such an option was no longer viable. Secondly, as discussed above, Iran had used a strategy of escalation against Iraq, the United States, Kuwait, and Saudi Arabia in 1987 and early 1988. The decision to accept the ceasefire, as well as to pursue an accommodation with Saudi Arabia was shaped in large measure by the experience of this strategy's failure. Finally, at the domestic level, the consensus that many of the regime's old policies had failed is clear evidence of learning. This is important not only because it is evidence that learning was

²⁴⁹ Author's interview with Dr. Mahmood Vaezi, Deputy of Foreign Policies and International Relations (Center For Strategic Research), Deputy Foreign Minister 1987-1999 December 10, 2001

taking place within the regime, but also because new thinking about the domestic environment –particularly the economy- played a role in shaping Iran’s foreign policies and the desire to improve relations with Riyadh.

The opposition to accommodating the Saudis that became evident in 1989 suggests that not everyone had learned from earlier policy failures, or at least they had not drawn the same conclusions. Indeed, there were those within the regime who argued that Iran should have aligned itself with Iraq after the invasion of Kuwait and joined the fight against the US and its regional allies. At the same time, many of those who favored accommodation probably had held this opinion well before 1988. In fact, very few people within the regime might have actually changed their minds or learned anything new by the end of the war. Nevertheless, learning still needs to be considered as a factor in shaping Iran’s policies because it was apparent in the behavior of key individuals and the balance of opinion within the regime changed enough to tip the weight away from confrontation and toward accommodation.

Summary

As discussed above, permissive factors played a key role in shaping Iran’s response to the declining situation it faced in 1988. As the Islamic Republic’s position deteriorated in the Gulf, it had several options in its policies toward Saudi Arabia. It could try to pressure the Saudis into making concessions, it could stand pat, or it could look for an accommodation. Externally, the most important factors shaping this decision operated at the bilateral level. While Iran had little hope of changing Saudi behavior through

escalation, the second option remained open. Riyadh was signaling a willingness to reach a modus vivendi with Iran. The combined impact of these two bilateral factors was reinforced by conditions at other levels. The regional level most clearly paralleled the bilateral level. Escalation was not only a failed policy vis-à-vis Saudi Arabia, it had also failed against the other actors involved in the Persian Gulf. Moreover, the harder Iran pushed, the more cohesive the anti-Iranian alliance became. Again, at this level there were signs that if Iran moved toward accommodation its neighbors would reciprocate. Although Iraq remained intransigent, once the ceasefire was in place Saudi Arabia's partners in the GCC were willing to open a dialogue with Iran.

Overall, the permissive conditions at both the global and the domestic levels paralleled those at the bilateral and regional levels; however the mix of opportunities and constraints they offered were more complex. Constraints at the global level reinforced those at the other two levels, but there was little opportunity to achieve an accommodation with the United States. While this complicated relations with Saudi Arabia, it was not enough to dissuade the Iranian leadership from pursuing accommodation. At the domestic level, there were also obstacles to accommodation, but they were less of constraint than the obstacles to continuing the rivalry. With the economy weakening and domestic opposition to the war becoming a factor, the balance of permissive factors favored accommodation.

As noted above, the bilateral level appeared to be the most important level in the external sphere. However, it is more difficult to make judgments concerning the relative importance of the external environment versus the domestic environment. Based upon the theoretical arguments made earlier, one might argue that the domestic level was more

important because the constraints involved absolute losses in terms of regime security. Yet, the losses Iran had experienced externally were potentially permanent and they included territorial losses to Iraq. Moreover, while the domestic situation was extremely serious, the external situation was more acute. Rather than try to rank order the different contributions made by the different levels, it is perhaps more useful to look at the two levels as playing necessary and complementary roles. The external environment, particularly at the bilateral level, ruled out escalation and provided opportunities for diplomacy. The domestic environment not only reinforced the pressures at the external level, the declining situation also made standing pat an unattractive option. Even if Iran were willing to accept its external losses, if it did not pursue some type of accommodation it would eventually suffer domestically as well.

The importance of the interaction between these factors can best be appreciated by way of counterfactual arguments. If the situation were different either domestically or externally, would Iran have acted in the same way? If the domestic situation was stable, the domestic obstacles to accommodation might have been too much to overcome. The elite might have realized that confrontation was not likely to succeed, but they might have been too divided to agree on accommodation. Iran might have ended up locked into its relationship with Saudi Arabia just as it has been with the United States. Similarly, if the external environment left open the possibility of escalation, Iran might have tried coercion before the domestic situation declined further. Indeed, if the balance of power favored Iran, Saudi diplomatic signals might have been interpreted as weakness; reinforcing confrontation instead of accommodation. Finally, with the domestic situation declining, and the balance of power favoring the Saudis, Iran might have desperately

chosen escalation. Just as Sadat chose to attack Israel despite a weak military position, the Iranians might have felt they had to do something before the regime collapsed.

Iran's decision makers appeared to have a fairly accurate view of this situation. Statements made by members of Iran's foreign policy elite suggest that they perceived the constraints on the use of escalation and anticipated that the Saudis would be willing to reciprocate their overtures. The Saudis, of course, turned out to be more reticent than expected but, given their earlier statements, Iran's expectations were not unreasonable. Rafsanjani and the other pragmatists were perhaps a little overly optimistic in their expectations concerning the United States, but this misperception seemed to play a relatively insignificant role in shaping Iranian behavior.

Iran's leaders also seemed to correctly perceive that the ceasefire with Iraq created new opportunities for them. Not only did the ceasefire remove a source of conflict between Iran and the GCC states, it revealed continuing differences between the GCC and Iraq. However, they did not seem to conceive of the situation as a limited term window of opportunity. Although they could not have foreseen the invasion of Kuwait and the subsequent Iraqi isolation, there was no indication that Iranian decision makers felt they had to improve their regional position before Iraq consolidated its post-war position in the Gulf.

To the extent that psychological factors did play an independent role in shaping events, it would appear to have been in terms of learning. After eight years of conflict and the military and political failures of 1987, Iran's foreign policy elite had a better understanding, in particular, of the constraints they faced. This included not only the limits of their coercive power but also the limits of popular support. This learning took

place as a result of experience. Iran's decision makers came to power with little or no experience in conducting foreign policy or even administering to domestic affairs. Initially their policies were unrealistic and ideological and only became more pragmatic as the reality of their situation became inescapable. The learning process could be seen at the domestic level as well -where a consensus had developed that serious mistakes had been made and needed correction. Khomeini's decision to accept the ceasefire is perhaps the best example of the impact of learning. Although he had preferred to continue the war, he had been convinced by his advisors that a new approach was necessary.

The Initiation of Accommodation: Summary and Discussion

In the following pages the findings of the preceding section will be recapped and discussed. First, the key causal factors will be summarized and the way they interacted with each other will be described. This is important because while these factors have already been discussed at length, they have been discussed individually. To appreciate the way they shaped Iranian foreign policy it is necessary to examine how they work in combination. Indeed, one of the main underlying arguments throughout this analysis is that no one individual type of causal factor is sufficient to explain the decision to initiate accommodation. Each type of causal factor plays a necessary causal role in shaping behavior. If there was a change in any one of the three types of causal factor, it is likely that Iranian behavior would have been significantly different, even if the other two had remained the same. Second, the discussion will examine the relative explanatory power of

the different levels of analysis. Although it will be argued that behavior was shaped by factors from both the domestic and the international arenas, the most prominent factors were external and Iranian behavior was primarily realist in nature. Finally, the discussion will address the punctuated equilibrium-evolutionary debate. It will be argued Iranian behavior was shaped by both evolutionary change and system shocks. However, it will be suggested that each seemed to be involved in different types of causality. The stimulus arrived in the form of shocks, while motivating and permissive factors appeared to be the product of evolution.

The initiation of accommodation, as expected, involved multiple causal factors operating on a variety of different levels of analysis. The stimulus was the acute decline in Iran's regional position, which involved military losses to Iraq, the growing presence of US naval forces in the Persian Gulf, and Saudi Arabia's increased diplomatic influence among the smaller Persian Gulf states. Iran's reaction to this situation was guided by the mix of opportunities and constraints that existed in the operational environment. In terms of opportunities, there were signs that the Saudis would reciprocate Iranian accommodation. In terms of constraints, there were some constraints on accommodation emerging at the domestic level as well as in terms of the global system, namely the ongoing tension with Washington. Much more powerful, though, were the constraints on the use of coercion. These constraints were present bilaterally, regionally, and domestically. For the most part, there appeared to be little gap between the objective reality of Iran's position and the perceptions held by the regime's elite. At least in part, it would appear that a process of learning was at work and that the gap between perceptions

and the operational environment was smaller in 1988 than it had been earlier in the decade.

Both of these two types of causal factors are necessary for any explanation of Iranian behavior. First, if the stimulus had not occurred, Iran would have likely maintained its pre-existing policies in the Persian Gulf and toward Saudi Arabia. Second, if the mix of permissive factors had been different, Iran's reaction to the events of 1988 may have been significantly different. For instance, if coercion had been an available policy option, Iran might have lashed out at the Saudis and/or other states within the Persian Gulf. Or, if domestic conditions had been better, Tehran may have simply tried to wait and hope the balance of power would swing back their way.

The evolution in Iranian preferences, away from ideology toward pragmatism, also played a necessary role in the decision to pursue accommodation. The rivalry continued to have a great deal of ideological resonance within Iran. Exporting the revolution was one of the regime's first foreign policy goals and the Saudis were not only a conservative monarchy but like the Shah they were also a close US ally. Moreover, the Islamic Republic and the Saudi regime clashed over a variety of Hajj issues and the 'correct' interpretation of Islam. On a personal level, it was also clear that Khomeini's sensibilities were offended by the Saudi leadership and their policies. Not surprisingly, in the early part of the decade Iran's typical response to a dispute with the Saudis was escalation²⁵⁰. In late 1988, however, Tehran chose to pursue an accommodation with Saudi Arabia in the face of pragmatic pressures (declining political/military position in

²⁵⁰ At times the intimidation was military. For example, there was the aforementioned incursion into Saudi airspace by an Iranian F-14. There was also an aborted attack on Saudi shipping in 1987. More frequently though, Iranian responses were rhetorical. See: Cordesman, *The Gulf and the West: Strategic Relations and Military Realities*, 376 and 381.

the Persian Gulf) and constraints (an unfavorable balance of power and concerns about domestic political stability).

Although ideology had taken its place as a second-tier policy issue behind realist power politics and the security of the regime, some ideological issues could not be ignored. The dispute over Iran's Hajj privileges, for instance, needed to be dealt with before Iranian-Saudi relations could make any significant progress. This was not an easy issue to resolve and it continued to complicate Iranian-Saudi relations right through until 1997. Nevertheless, in 1988 the pragmatists, such as Rafsanjani, were able to prevail. They were able to make it clear that escalation would not work and/or that other issues needed to take precedence. It is significant that this debate took place while Khomeini was still alive. Although he did not openly advocate a rapprochement with Riyadh, he did not condemn the initiative either. Between this quietness and his promotion of the pragmatist foreign policy line, his at least tacit acceptance seems evident. Indeed, it is not until after his death that ideologues within the regime were able to turn the Hajj issue against Rafsanjani and his pragmatist government.

A second ideological issue that could not be escaped was Iran's relationship with the United States. The poisoned relationship was a significant constraint on accommodation with Saudi Arabia, and cost Iran directly in terms of its economy and national security. However, this was not an ideological issue. Anti-Americanism was one of the pillars of the regime's legitimacy formula. Abandoning this principle might have had dire consequences for regime security. Therefore, the dilemma was as much a contradiction between practical concerns as it was between practicality and revolutionary idealism. In the end, the solution to the dilemma was to satisfy both sets of values rather

than try to maximize any one in particular. Given the situation with the Americans, reaching an accommodation with Riyadh would be difficult for Tehran, and there would be limits on how far it could go. However, it would not be impossible. In late 1988 Tehran was able to improve relations with the other GCC states and the Saudis were signaling that they would be willing to reciprocate Iranian overtures despite the fact that relations with Washington had not noticeably improved. Tehran could therefore pursue an imperfect accommodation with the Saudis while maintaining the regime's legitimacy formula and preserving an ideological principle still intrinsically important to many among the revolutionary elite.

This pattern of satisficing rather than maximizing represents an important theme in the decision to pursue an accommodation with Saudi Arabia. The policy allowed Iran to avoid long term or permanent losses while maintaining a balance between the regime's various goals and concerns. Improving relations with Saudi Arabia would allow the regime to stabilize the country's deteriorating position in the Persian Gulf. It would also improve Iran's negotiating position with Iraq, which had made strategic and territorial gains at Iran's expense. In the long term, an accommodation with Saudi Arabia might have also removed the pretext for stationing US military forces in the region. An accommodation with Saudi Arabia potentially would also have improved Iran's influence over pricing and quota decisions in OPEC. This would have allowed Iran to mend its failing economy, rebuild its shattered military, and address growing public dissatisfaction. Finally, reaching an accommodation with Saudi Arabia would have allowed Iran to regain its Hajj privileges, which had been curtailed since 1987.

However, if Tehran wanted to achieve these goals as quickly and effectively as possible, there were other things that could have and should have been done. As mentioned above, pursuing an accommodation simultaneously with the United States would have been an important part of the strategy. Tehran could also have dismantled its relationships with Hezbollah and various other Shi'a and Sunni Islamic groups in the region. The regime could also have thrown open the country's economy for foreign investment, liberalized the political system, and repealed Islamic social laws²⁵¹. These measures would have eased Iran's political and strategic isolation and generated economic growth. However, they would have also sparked a backlash within the rank-and-file of the regime and, by abandoning important symbols of legitimacy, would have posed a serious threat to the long-term survival of the revolutionary system. In effect, the regime would have been sacrificing regime security for national security and economics. An accommodation with Saudi Arabia, like Iran's diplomatic overtures to the other GCC states and to Moscow, offered less of a return yet it was a strategy that preserved the essential nature of the political system and struck a manageable balance between change and continuity.

Although domestic factors played an important role in shaping Iranian policy, the decision to pursue an accommodation with Saudi Arabia was driven predominantly by factors in the international arena and, for the most part, Iran behaved like a realist actor. As noted above, the first tier of Iranian motivations was made up of regime security and national security. Between the two, national security issues seemed to play the largest role

²⁵¹ The Islamic social code implemented after the revolution, which included the prohibition of alcohol and mandatory dress codes for women, made Westerners uncomfortable and discouraged the return of wealthy or technocratic expatriates. The Rafsanjani government did ease the enforcement of these laws, but it was not enough to convince Western businessmen and expatriates that the country had changed.

in shaping the decision to pursue accommodation. While escalation was constrained by threats to both regime and national security, the stimulus for policy change came in the form of a challenge to national security –declining regional position. Moreover, the gravity of the country’s declining regional position appeared to be sufficient to cancel out domestic opposition to accommodation.

All three levels of the international environment (bilateral, regional, and global) played a part in defining the Iranian national security environment. However, they seemed to exert their influence through different types of causal role, and their rank ordering in terms of importance is somewhat surprising. Most of the rivalry literature focuses on either the bilateral (dyadic) level or the great power sphere. In this case, the global level was of least importance and the regional level was of as much importance as the bilateral level. Changes in the regional environment acted as the stimulus for accommodation rather than changes in the bilateral level, or the great power sphere. Iran’s decision to pursue an accommodation with Saudi Arabia was a reaction to the state’s declining political/military position within the Persian Gulf, not a weakening position specifically vis-à-vis Saudi Arabia or because of the end of the Cold War. Although the war with Iraq was a key contributor to this decline, it would be an oversimplification to reduce everything to a function of this conflict. Iran’s decline in the Persian Gulf was related to three interrelated but separate dynamics. The first was Iraq’s military victories in 1988. The second was the hardening of the GCC position around Saudi Arabia and the other anti-Iranian hawks, Kuwait and Bahrain. The third was the growing US military presence in the Persian Gulf. As these dynamics played-out, they came together to force Iran to reconsider its policies.

Although there were significant opportunities and constraints at every level of analysis, permissive causality was defined primarily by conditions at the bilateral level. Within the dyad, Tehran had reason to believe that Riyadh would reciprocate its overtures. At the same time, they had been unsuccessful at coercing the Saudis in the past. This channeled Tehran's response towards accommodation. These factors were reinforced by conditions at the regional level and the great power sphere. On balance, they were also buttressed by conditions at the domestic level –as discussed above.

Given their salience, it may be tempting to argue that permissive factors at the regional level were more important than those at the bilateral level. Iran had been hemmed in militarily by the United States and Iraq and diplomatically by the GCC. Moreover, the end of the Iran-Iraq war provided a crucial opening for Iranian accommodation. The Saudis, however, had stood up to Iranian pressure before the Americans arrived and when Iran was on the offensive against Iraq. The Saudi response was to increase aid to Iraq and invite the Americans into the Persian Gulf. Also, while the ceasefire provided Iran with diplomatic opportunities, they did not automatically translate into Saudi reciprocity. As will be discussed in later pages, the Saudi response to Iranian initiatives was actually limited. Although they sent positive diplomatic signals to the Iranians towards the end of 1988, the Saudis remained aloof even after the end of the Iran-Iraq war.

The great power sphere also played a role in shaping permissive conditions. The presence of the US navy in the Persian Gulf was a key factor in defining the regional balance of power, which constrained Iran's range of policy options. Great power politics, however, played less of an independent role in shaping events than one might have

expected. First of all, the US did not try to play any facilitating role. Indeed, Washington was keen to keep Iran isolated and was, at best, highly suspicious of any Iranian attempt to reintegrate itself into the regional political order. Therefore, unlike the Syrians or the Palestinians in 1992, or the Egyptians in the 1970s, the Iranian government did not predicate their plans on US mediation. It is possible that pragmatists such as Rafsanjani hoped that the US would change its posture towards Iran. However, this was not a widely held sentiment among the Iranian political elite, and better relations with Saudi Arabia were not seen as something that would necessarily need, or lead to, better relations with the United States. Secondly, the US naval build-up was more a product of regional dynamics than it was of new US policy initiatives or changes in the US-Soviet balance of power. The US began moving into the Persian Gulf as early as the Carter administration in the 1970s, and the navy had established its position in the area prior to the end of the Cold War. It was only because of the climate created by the Iran-Iraq war that the GCC states were willing to accept the American build-up.

The final point to be made here concerns the nature of the causal factors: did they come in the form of shocks or slow evolutionary change? The answer is both. There were clearly shocks to the Iranian political environment shortly before the decision to pursue an accommodation. The most obvious shocks involved the Iraqi military victories in the summer of 1988. Up until that point, many among the Iranian political elite believed that they were on the cusp of victory. Other shocks included “Operation Praying Mantis” (April 1988) and the destruction of Iran Air 655 (July 1988). However, there is also strong evidence of evolutionary change. Iran’s economy deteriorated steadily through the 1980s and there were also signs that the regime was gradually losing public support.

Perhaps most importantly, the regime's motivations evolved over time and there were signs of learning among the regime's political elite. The regime gradually became less idealistic and focused more on practical concerns, national security, regime security, and economic stability. Once the regime had eliminated its opposition and consolidated the revolutionary system, key members of the elite began to question the excesses, mistakes, and failures of the revolution, in terms of both domestic and foreign policy.

Because the shocks immediately preceded the policy change in question, it may be tempting to argue that they are the most important, that they were both necessary and sufficient for the initiation of accommodation. However, it is hard to imagine the change in Iranian policy if the economy had not been eroding and public support was not in decline. Moreover, it seems unlikely that the Islamic Republic would have changed its policies if the regime's priorities had not changed since 1979-1980. In the early days, the regime was primarily concerned with establishing a new revolutionary state and spreading its ideology. By 1988, though, that had changed. The regime was concerned with protecting the political system they had built and salvaging the state's regional position. If that was not the case, the shocks of 1988 might not have had any more impact than the Iraqi invasion of 1980, the bombing of the Islamic Republic Party headquarters in 1981, or the oil price crash of 1986. While the shocks of 1988 might have been a necessary cause for policy change, it is unlikely they were sufficient. The evolutionary changes also seem to have played a necessary role.

If both shock and evolutionary change played necessary roles in shaping behavior, then it is necessary to explain how they interacted. It is possible that the relationship was simply cumulative. Essentially this would mean that the shocks compounded the

pressures that had been slowly building up over time. This may be part of the relationship but it also appears as if shock and evolution were linked to different types of causality. The stimulus for policy change came in the form of shocks in 1988. This explains why the decision to pursue accommodation took place at this particular time. At the same time, evolutionary change appeared to be operating through motivating and permissive causality. As discussed at several points in the preceding pages, the regime's preferences evolved over time. The same can be said of the permissive factors. The economy declined over time. There was a shock in 1986, but the economy was already suffering before that. Moreover, the economy recovered a little in the two years following the oil price crash. 1986 was therefore not the defining moment for the Iranian economy. Similarly, regime support had slowly been declining for several years. There were riots in 1988, but there were questions being raised about revolutionary extremism at least as early as 1986. Finally, learning appeared to influence the way decision-makers reacted to the shocks of 1988. The shocks themselves did not automatically elicit an accommodative response. Rather, there was considerable debate with a significant portion of the elite favoring escalation. Even Khomeini initially favored escalation but had to be convinced by Rafsanjani and other moderates. Indeed, the shift in Khomeini's position is illustrative of the learning affect. After once calling for "war, war until victory", Khomeini marginalized the foreign policy radicals and promoted pragmatists like Rafsanjani to key decision-making positions. While the shocks might have provided a stimulus for Iranian policy change, the elite learned over time which type of responses were viable and which were not.

Part 3

The Dynamics of Iran's Policy of Accommodation toward Saudi Arabia

Iran's decision to initiate an accommodative policy toward Saudi Arabia was, of course, only the first step in a longer process. Between November 1988 and June 2005, Iran's policies toward Saudi Arabia went through a number of transformations. Although there was a general trend toward better relations over this period, there were reversals and progress was never certain. There were even periods when a clash appeared to be on the horizon, but the crises were averted and tensions never regressed to pre-1988 levels. Indeed, even during the roughest patches, there continued to be elements of accommodation in their relationship. By the summer of 2005, the two states had arrived at a relatively stable accommodation, which could be described as at least partially substantive. Nevertheless, the relationship never evolved to the point where one could speak of rivalry termination. Both Tehran and Riyadh continued to view each other as competitors and a significant amount of mistrust remained. In the following pages, the dynamics and turns of Iran's accommodative policies will be explored. The analysis will be organized in the same fashion as the analysis of initiation. Each change will be analyzed in terms of its stimulus, as well as the permissive factors and the motivations involved.

As discussed in earlier pages, accommodation may vary along two different dimensions. First of all, accommodation may vary in terms of the type of policy implemented. It may be either behavioral or substantive. Behavioral accommodation involves an effort to limit disagreement. This may involve formal or informal agreements that effectively 'split-the-difference' between their respective positions. If so, the agreement rests not on a convergence of interests, but on one or both parties limiting their claims on the other in order to avoid conflict. Behavioral accommodation also may

simply involve agreeing to disagree. In such cases behavior remains cordial. Diplomatic relations remain correct, while pressure tactics and criticism are avoided. Substantive accommodation, on the other hand, involves redefining interests so that the level of incompatibility is reduced. If the incompatibilities in interest were removed entirely along each of the rivalry's main dimensions, it would be possible to talk of rivalry termination or conflict resolution. However, it is more likely that substantive accommodation will involve only a limited convergence in interests. Interests in some issues areas are likely to remain divergent and the gaps in other areas only partially bridged. Accommodation can also vary in terms of its consistency. That is, accommodation can be pursued along each dimension of the rivalry, or there can be a mix between assertiveness and accommodation. For instance, an assertive posture might be adopted on ideological issues, but accommodation pursued in the context of security.

There was significant variation in Iranian accommodation along both of these dimensions. Iranian policy involved a mix of accommodation and assertiveness in the period between November 1988 and the summer of 1991. After the invasion of Kuwait, the policy toward Saudi Arabia was more consistent in its accommodation. This period lasted until 1993, when assertiveness once again became an important part of the policy mix. In 1997, the assertiveness was dropped from the mix and Iran's policy toward Saudi Arabia once again took on a consistent pattern of accommodation. Over the course of these periods (1988 and 2005) Iran's policy toward Saudi Arabia included elements of both behavioral and substantive accommodation. Although behavioral accommodation was predominant, there was a consistent element of substantive accommodation present throughout the entire timeframe. Most importantly, after 1989, Iran no longer appeared to

define its immediate interests in terms of exporting its revolution to the other states in the Persian Gulf. Although proselytizing was still an important policy goal, the regime appeared increasingly willing to accept the sovereignty of the Saudi government and the legitimacy of the regional state system.

The analysis of these changes will proceed in the following way. In the first section, the development of Iran's accommodative policy will be described and analyzed across the phases identified above. In the second section, those changes will be examined in terms of stimulus factors, permissive factors, and motivations. Rather than dealing with the causal factors for each policy change individually, they will be dealt with comparatively. That is, the stimuli for all of the changes in policy will be examined together as a group, and so on. After each of the three types of independent variable (motivating, stimulus and permissive factors) has been analyzed, the overall pattern will be discussed. There are a number of questions that could potentially be asked about the dynamics of Iranian accommodation. The following analysis will not address them all, but will focus on the following key puzzles: 1. Why did the nature of accommodation change at particular times? 2. How much reciprocity did Tehran require from Riyadh in order to be satisfied? 3. Why did Iran pursue a mixed policy of assertiveness and accommodation when it was not satisfied instead of returning to a fully adversarial policy? 4. Why was substantive accommodation pursued in some issue areas but not others? 5. To what extent was the United States involved in permissive causality? 6. Which levels of analysis played the largest role in shaping the dynamics of Iranian accommodation?

1. The Changing Dynamics of Iranian Accommodation

Phase I: Rafsanjani's Good Neighbor Policy (November 1988 to August 1991)

After signaling its willingness to pursue an accommodation with Saudi Arabia, Iran's policies toward the monarchy quickly lapsed back into a mix, which included mostly behavioral and some substantive accommodation along with assertiveness, particularly in the form of hostile rhetoric. This mix of policies continued until the Iraqi invasion of Kuwait.

Although formal diplomatic ties were not renewed, Rafsanjani claimed that Iran was ready to renew relations and in early 1989 the two countries began trying to negotiate with each other²⁵². Contacts were mostly in secret and with third parties mediating. For instance, Iran's Foreign Minister, Ali Velayati met with Saudi Arabia's Prince Saud in Muscat with the Omanis mediating²⁵³. At other times, the talks were reportedly mediated by the U.A.E., Syria, and/or Pakistan.²⁵⁴ Iran also began taking steps to reduce the amount of friction with Saudi Arabia. In a widely reported speech, Rafsanjani foreswore violence and confrontation. Later, in a meeting of the Supreme National Security Council (SNSC), Rafsanjani was also said to have warned his domestic opponents to stop spreading inflammatory rhetoric²⁵⁵.

These efforts to promote dialogue and avoid friction are evidence of behavioral accommodation. This was particularly evident in the Persian Gulf where Iran improved its relations with the other members of the GCC, including Kuwait, which had taken a

²⁵² Tehran IRNA, "Republic Ready to Resume Ties," FBIS-NES-89-020 (February 1, 1989): 37.

²⁵³ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 102-103.

²⁵⁴ Tehran IRNA, "Majlis Official on Ties with US, Saudi Arabia," FBIS-NES-89-024 (February 7, 1989): 49.

hard-line against Tehran along with the Saudis in the late 1980s. It was also evident in Lebanon, where Tehran's relations with the PLO showed signs of flexibility²⁵⁶. Most significantly, Iran also appeared to be seeking some type of accommodation with the United States. There were even rumors that Rafsanjani had tried to call the White House.²⁵⁷ Finally, Rafsanjani took control of Iran's Lebanon policy away from hard-liner Ayatollah Mohtashami and began negotiating the release of American hostages held by Hezbollah²⁵⁸. This has widely been interpreted as a direct overture to Washington²⁵⁹.

The audience for these policies was, of course, not only Saudi Arabia. As discussed in earlier pages, improving relations with the other members of the GCC was an end in itself for the Islamic Republic, which desperately needed to end its isolation²⁶⁰. However, in context, it also has to be seen as part of the effort to accommodate the Saudis. Tensions between Iran and Saudi Arabia's friends and allies had been an important source of friction in their relationship. Improving these relations not only removed this irritant, it acted as a confidence building measure. It signaled the Saudis that Iran could behave like a "Good Neighbor".

Iran's "Good Neighbor" policy in the Persian Gulf can also be seen as a manifestation of substantive accommodation. As pragmatists gained power within the Iranian political system, the Islamic Republic began to redefine some of its interests. As

²⁵⁵ *Middle East International* (February 16, 1990): 13.

²⁵⁶ A. Ehteshami, "Wheels Within Wheels: Iran's Foreign Policy Towards the Arab World," in *Iran and the Arab World*, ed. Amirahmadi, Hooshang, Entessar and Nadar (Reading: Ithica Press, 1991), 181.

²⁵⁷ Tehran IRNA, "Majlis Deputy Calls on President to Probe Hoax," FBIS-NES-90-048 (March 12, 1990): 49.

²⁵⁸ Ehteshami and Hinnebusch, *Syria and Iran: Middle Powers in a Penetrated Regional System*, 45.

²⁵⁹ Ibid. See also: P. Clawson and Daniel Pipes, "Ambitious Iran, Troubled Neighbors," *Foreign Affairs* (1993): 126.

²⁶⁰ Iran was not only marginalized in the Persian Gulf, as the 1980s came to an end, better relations between Riyadh and Damascus had the potential to deepen their isolation. Not only could Iran lose its only Arab

will be discussed in later pages, ideological goals did not completely disappear from the political agenda. However, after the failures of the early-to-mid 1980s, Iran began to re-conceptualize its approach to the Persian Gulf. Although there were numerous issues dividing Iran from its Arab neighbors, Tehran no longer defined its interests in terms of overthrowing the regimes of the GCC and recasting the regional state system in its image. Instead, Iran began defining its interests in terms of getting the possible deal within the existing system. Exporting the revolution remained an important principle in Iranian foreign policy, but it represented a long-term goal. Rather than promoting violent revolutionary change, exporting the revolution was to take place through providing an Islamic role model for the region. This is an extremely important change in Iran's outlook. The key demand that the Saudis made of Iran was that it accept the principle of non-interference in domestic affairs. It was not enough that they stop their immediate support for Islamic opposition groups in Saudi Arabia and the rest of the Gulf (i.e. a behavioral change in policy). They needed to believe that there had been a change in Iran's long-term intentions (i.e. a substantive change in policy).

This transformation started to become evident during the period of reappraisal and introspection that occurred as the war with Iraq came to an end and constitutional amendments were negotiated. Rafsanjani was the leading advocate of this redefinition, but it was accepted by Khomeini's, and most importantly by Khomeini. Even the "Machine-gun Ayatollah", Ayatollah Montazeri, argued that the best way to spread the message was by setting a positive example. As will be discussed, this redefinition of interests did not take place overnight. Rather, it was a process that deepened over time as

ally, along with Egypt, the new relationship had the potential to develop into a tripartite pro-Western alliance.

Rafsanjani and Khomeini'i consolidated their power and more members of the elite accepted the necessity of better ties with Saudi Arabia. The incomplete nature of this process was particularly evident in the period between 1989 and 1991. There was significant criticism of the pragmatic foreign policy line being adopted by Rafsanjani and Khomeini'i. Radicals also maintained strong positions in various government institutions and especially within the Majlis. Moreover, given the fragmented nature of Iran's political institutions, radicals within the political system were still able to autonomously pursue their own strategy for exporting the revolution, particularly in areas outside the Persian Gulf. In the months before the invasion of Kuwait, the continued presence and influence of radicals was a significant concern for Riyadh. Although they recognized Rafsanjani's efforts, they were not convinced that the Islamic Republic had changed as a whole.

Despite the statements made in late 1988 about improving relations, the old pattern of behavior began to reemerge in Iranian-Saudi relations. Regardless of Rafsanjani's warnings, the radical press attacked the Saudis and criticized efforts to renew diplomatic relations with Riyadh²⁶¹. At first, the criticism came largely from Rafsanjani's political opponents²⁶². However, as relations bogged down, the criticisms began to come from sources closer to the Rafsanjani-Khomeini'i ruling coalition. Eventually, even Rafsanjani himself was drawn into it.

In September 1989, negotiations over the pilgrimage fell apart, with the Saudis accusing Iran of being involved in a bombing at the Hajj carried out by Kuwaiti

²⁶¹ Tehran IRNA, "Papers Criticize Khorasani Call for Saudi Ties," FBIS-NES-89-181 (September 20, 1989): 58.

²⁶² Tehran IRNA, "Mothashemi Protests Riyadh's Ban on Pilgrims," FBIS-NES-89-095 (May 18, 1989): 52.

nationals²⁶³. This elicited a strong rebuke from Tehran, which criticized Riyadh not only for restrictions on Iranian pilgrims, but also for executing the Kuwaiti nationals implicated in the plot. Not surprisingly, Rafsanjani's radical opponents led the attack²⁶⁴. However, Khomeini'i also directly criticized the Saudis as did Rafsanjani, who accused them of trying to "sow discord among the Kuwaiti nation"²⁶⁵. The following month, one of Rafsanjani's advisors on international affairs claimed that conditions were "not favorable to have relations with the Saudi regime" and that at that point there was "no possibility of mediation" by other members of the GCC.²⁶⁶

Although the uproar over the Hajj bombings represented a significant setback, the mixed policy pursued by the Iranian government continued. Editorials in the Tehran Times, a paper close to Khomeini'i called for "détente" within OPEC²⁶⁷. In November, Tehran criticized the GCC for backing Iraqi claims on the Shatt al-Arab, but within a few weeks the government was again claiming to be ready to normalize ties with the GCC²⁶⁸. Indeed, although there were concerns about Rafsanjani's ability to control Iranian policy, at the end of 1989 a GCC spokesman claimed that the "Iranian government's approach

²⁶³ Tehran, Domestic Service, "Foreign Ministry Denies Role in Mecca Bombing," FBIS-NES-89-184 (September 25, 1989): 58. Later, the Saudi government also publicly chastised the Iranians for their past behavior at the Hajj, including smuggling explosives in 1987, which Ahmed Khomeini had admitted to in a newspaper article earlier that year. See: Riyadh SPA, "Ministry Issues Statement on Iranian Pilgrims," FBIS-NES-90-073 (April 16, 1990): 16.

²⁶⁴ Tehran, Domestic Service, "Khomeyni Scores Saudis, US," FBIS-NES-89-184 (September 25, 1989): 59. See also: Tehran, Domestic Service, "Karrubi Predicts Punishment of Saudis," FBIS-NES-89-184 (September 25, 1989): 59.

²⁶⁵ Tehran, IRNA, "Khomeini'i Warns Saudi Leaders," FBIS-NES-89-184 (September 25 1989): 58. See also: Tehran, IRNA, "Rafsanjani Sees Hand of Foreign Powers," FBIS-NES-89-184 (September 25, 1989): 58.

²⁶⁶ Tehran, Tehran Times, "'Senior Aid' Rules out Ties with Saudi Arabia," FBIS-NES-89-202 (October 20, 1989): 43.

²⁶⁷ Tehran, Tehran Times, "Tehran Times Calls for Détente in OPEC," FBIS-NES-89-242 (December 10, 1989): 57.

²⁶⁸ IRNA, "Paper Condemns GCC Resolution on Shatt al-Arab," FBIS-NES-89-218 (November 14, 1989): 80. See also: IRNA, "Iran 'Ready' Now Normalize Relations with the GCC," FBIS-NES-89-241 (December 18, 1989): 1.

had changed since Rafsanjani's assumption of power" and that they were encouraged to normalize relations by statements made by Rafsanjani and Velayati, his foreign minister²⁶⁹.

Phase 2: From Kuwait to Abu Musa (August 1991 to December 1992)

The August 2nd invasion of Kuwait provided a diplomatic opening for Iran in the Persian Gulf, particularly with Saudi Arabia. Although the Saudis reacted cautiously, Saddam's blunder breathed new life into Tehran's "Good Neighbor" initiative. Iran's policy from that point could be described as one of consistent accommodation. Although it was predominantly behavioral, there continued to be an underlying element of substantive accommodation. Iran expanded diplomatic contacts with Saudi Arabia and began discussing contentious issues. For the most part, the two sides remained divided and, where compromises were reached, such as on Hajj issues, the agreements were fragile at best. Nevertheless, during this period Iran muted its criticism of the Saudis and its policies and avoided actions that would exacerbate tensions. This continued until the latter part of 1992, when the relationship began to breakdown. By December of that year the mixed pattern of accommodation and assertiveness had reemerged.

Iran's initial reaction to the invasion was to condemn "Iraq's military action against Kuwait", claiming it undermined the "stability and security of the region" and would "pave the way for the increased presence of hegomonistic foreign powers". The statement from the Foreign Ministry also reaffirmed Iran's respect for the "sovereignty and territorial integrity of other countries and non-interference in their internal relations".

²⁶⁹ London Al-Majallah, "GCC Official Cited on Negotiations with Iran," FBIS-NES-89-248 (December 28, 1989): 1

Iranian representatives also stated that the Islamic Republic would not recognize any new Kuwait government put in place by Iraq²⁷⁰. Shortly after the invasion, Saddam Hussein sent a letter to President Rafsanjani conceding all of Iran's demands in the peace-talks and invited the Islamic Republic to join Iraq in its conflict with the West. Rafsanjani accepted the concessions but declined the invitation²⁷¹. Although Iran remained formally neutral, there was a discernable tilt in its position. Iran renewed diplomatic ties with the Kuwaiti government in exile, which praised its position on the crisis and apologized for supporting Iraq in the past. There were even rumors that Iran might send troops to defend the holy sites in Saudi Arabia.

Saudi Arabia's reaction to Iran's position was slow to develop. Whereas the Kuwaitis were in contact with Iran before the end of the month of August, the Saudis and the Iranians did not begin speaking until the end of September. The Iranian and Saudi Foreign Ministers met in New York at the U.N. General Assembly along with representatives from the other GCC states²⁷². Once contact had been initiated, the two sides began discussing normalizing relations as well as the main issues that divided them. Although they continued to differ on many points, they began trying to deal with them through negotiations rather coercion or rhetorical attacks²⁷³.

²⁷⁰ Cairo MENA, "Iran Denies New Kuwaiti Government Recognition," FBIS-NES-90-151 (August 6, 1990): 10.

²⁷¹ Tehran IRNA, "Unofficial Text of President's Message to Saddam," FBIS-NES-90-160 (August 17, 1990): 62.

²⁷² Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 109. Negotiations apparently involved the mediation of the Syrians, who were in contact with both the Saudis and Iranians in the days immediately preceding the meeting. See: London, Al-AZHIRAH, "Aims of Al-Faisal-Velayati Meeting Viewed," FBIS-NES-90-193 (October 4, 1990): 20. See also: Tehran Keyhan Havai, "TIMES Questions Syrian Actions in the Gulf," FBIS-NES-90-204 (October 22, 1990): 62. See also: Ehteshami and Hinnebusch, *Syria and Iran: Middle Powers in a Penetrated Regional System*, 107.

²⁷³ Paris AFP, "Prince Sa'ud on Restoring Ties with Iran," FBIS-NES-90-192 (October 3, 1990): 15. See also: Al-Sharq al-Awsat, "Paper Welcomes Iran's Language of Nationalism," FBIS-NES-90-201 (October 17, 1990): 26.

There were of course some exceptions to this trend toward accommodation. Several notable Iranian hardliners called for a jihad against the United States and suggested Iran needed to join Iraq²⁷⁴. Even Khomeini'i made similar comments, but he did not appear to do anything to back them up²⁷⁵. There were some concerns raised when Iran restored diplomatic relations with Iraq and accepted the delivery of a number of Iraqi military aircraft²⁷⁶. However, Rafsanjani proved very capable of steering Iranian policy during the crisis. There were some voices of dissent but no one seriously challenged Rafsanjani over his handling of the situation.

After ten years of distrust, the Kuwaiti situation finally provided Iran and Saudi Arabia with some common ground. Using the crisis as a basis, Tehran extended its policy of accommodation to include its broader relationship with Saudi Arabia. In OPEC, Iran continued to have different preferences than the Saudis but it accepted compromises and refrained from making harsh criticisms. For instance, Iran was concerned about Saudi Arabia's high share of OPEC production (approximately 30%) as well as Riyadh's calls for increased oil production. However, it accepted the interim OPEC decision in August of 1990 to raise production levels during the crisis with the provision that output would return to previous levels once the situation returned to normal²⁷⁷.

²⁷⁴ For example, Hojjatoleslam Ali Akbar Mohtashemi and Ayatollah Sadeq Khalkali argued that Iran should fight the US, but they were rebuked by Rafsanjani. See: Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 111. These differences were even noted in the Iranian press. See: Tehran IRNA, "Papers Differ on Ties with Saudi Arabia," FBIS-NES-90-213 (November 2, 1990): 51.

²⁷⁵ Marschall suggests that Khomeini'i's statements were for political effect. He was either trying to bolster his own credentials or make sure that the government was outflanked to the revolutionary right by hardliners. See: Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 108-109.

²⁷⁶ Tehran IRNA, "Direct Diplomatic Ties Resumed with Iraq," FBIS-NES-90-199 (October 15, 1990): 62. See also: Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 110-112.

²⁷⁷ See Paris AFP, "Countries to Endorse Production Increase," FBIS-NES-90-167 (August 28, 1990): 5. See also: Tehran IRNA, "Oil Minister on OPEC meeting, Saudi Production," FBIS-NES-90-244 (December 19, 1990): 63. See also: Calabrese, *Revolutionary Horizons: Regional Foreign Policy in Post-Khomeini Iran*, 61.

Iran also accepted a compromise solution to the Hajj dispute. Although Saudi Arabia raised the number, Iran accepted a quota on pilgrims that was significantly below the historical average. After sending 150,000 to 160,000 per year between 1984 and 1987, 115,000 Iranians made the pilgrimage in 1991. Tehran also accepted being restricted to one anti-western demonstration that would be held in a relatively isolated area. In addition, Rafsanjani personally appointed Muhammad Muhammadi-Reyshari as pilgrimage representative to deal with any problems and Foreign Minister Velayati was among those making the pilgrimage. Although there was a disagreement about the location of the demonstration, a compromise was reached and Velayati claimed that Saudi handling of the situation was “proper”²⁷⁸. The 1992 Hajj was similarly peaceful, and official statements maintained a conciliatory tone²⁷⁹.

Iran also continued to harmonize its other policies with its improving relationship with Saudi Arabia. Iran’s relationship with Kuwait was obviously improved by its position during the crisis, particularly when Tehran gave refuge to Kuwaitis fleeing the Iraqi invasion²⁸⁰. The other GCC states were similarly appreciative of Iran’s policies. Perhaps as importantly, Iran took steps toward improving its relationships with Riyadh’s western allies. Iran reestablished ties with Britain, albeit not at the ambassadorial level, and made overtures toward France and other members of the OECD²⁸¹. Most importantly, Iran’s actions during the Kuwait crisis signaled a more pragmatic attitude toward the

²⁷⁸ Martin Kramer, “Khomeini’s Messengers in Mecca: Arab Awakening and Islamic Revival,” at <http://www.geocities.com/martinkramerorg/Hajj.htm> (accessed January 28, 2008).

²⁷⁹ Chubin and Tripp, “Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf,” 54-55. See also: Martin Kramer, “Khomeini’s Messengers in Mecca: Arab Awakening and Islamic Revival,” at <http://www.geocities.com/martinkramerorg/Hajj.htm> (accessed January 28, 2008).

²⁸⁰ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 113.

²⁸¹ Fred Halliday, “An Elusive Normalization: Western Europe and the Iranian Revolution,” *The Middle East Journal* vol. 48, no. 2 (Spring 1994): 322.

United States. Although Iran continued to argue that the US presence was illegitimate and that Persian Gulf security should be the province only of the littoral states, they made no effort to interfere with the coalition's activities. As noted above, diplomatic ties with Iraq did improve, but Tehran appeared simply to be taking advantage of Baghdad's desperation, not helping them mount a resistance. To alleviate any doubts, the SNSC guaranteed the coalition that Iran would remain neutral so long as its own security was not in question²⁸². Also, while Iran had maintained its territory was off limits to the coalition forces, nothing was said when coalition forces crossed through Iranian waters and airspace²⁸³. As a consequence, there was considerable speculation that Iran and the United States were at a turning point in their relationship. At the very least, Tehran's behavior vis-à-vis the fighting reduced the level of tension in Iranian-American relations which facilitated its policies toward the Saudis.

In this atmosphere of expanding accommodation, Iran began calling for a role in regional security arrangements. As noted above, Tehran's official position was that security should be managed by the littoral states of the Persian Gulf²⁸⁴. Iran's principle concern was the presence of the United States, which was considered to be a hostile presence. However, Iran was also concerned by the presence of Egyptian and Syrian troops as well other Western powers. While these states were not as directly threatening to Tehran, their presence could potentially be used to help keep Iran isolated within the Gulf. Iran therefore looked for guarantees that their presence would only be temporary

²⁸² Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 112.

²⁸³ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 111. See also: Bernard Trainor, "Weapons: Trainor on the Tomahawk", <http://www.pbs.org/wgbh/pages/frontline/gulf/weapons/ttomahawk.html> (accessed January 18, 2008). According to Bernard Trainor, the US Navy used the Zagros Mountains in Iran as a landmark to guide Tomahawk cruise missiles onto targets in Baghdad.

and that the GCC would base regional security on coordinating with Iran rather than balancing against it.

Iran initially accepted the presence of non-littoral states as unavoidable during the crisis. It made its position clear through numerous official statements and editorials in papers close to the government. However, the criticisms were tempered and Iran tried to maintain the gains it had made with the Saudis and the other members of the GCC. To that end, Iran participated in GCC meetings as an observer on several occasions and offered to sign a non-aggression pact with the organization's members.²⁸⁵

As mentioned above, Iran's accommodation of Saudi Arabia during this period could be classified predominantly as behavioral. The substantive dimension was also in evidence, however it remained incomplete. Iran refrained from provocative action vis-à-vis the Saudis and, while there were some criticisms of Riyadh, in context they were muted. This type of behavioral accommodation was most evident in terms of Tehran's response to developments within OPEC. Iran was also measured in its response to the build-up of coalition forces and war against Iraq²⁸⁶. Iran's policies on the Hajj represented a mix of both the behavioral and the substantive aspects of its policies. Iran accepted limits on political rallies and the principle of quotas in exchange for more Iranian pilgrims being allowed into Saudi Arabia. Being willing to negotiate numbers is behavioral in nature. However, accepting Saudi authority over the Hajj was indicative of a substantive redefinition of interests. Similarly, negotiating the number, type, and

²⁸⁴ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 120. See also: Tehran, "Iran Seeks Role in Gulf Solution," FBIS-NES-90-247 (December 24, 1990): 1.

²⁸⁵ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 118.

²⁸⁶ Although Iranian policy remained behavioral in this issue area, an important precursor for substantive accommodation emerged. Although they continued to differ on Iran's long-term role in the region, as well as on the presence of outside forces, Tehran and Riyadh both agreed that Saddam Hussein's Iraq was a mutual threat.

location of demonstrations at the Hajj represents more than just a willingness to engage in behavioral compromise. Because the demonstrations had been used as to attack the domestic legitimacy of the al Saud, the negotiations also indicated an acceptance of Saudi sovereignty and the principle of non-interference in domestic affairs. This needs to be considered alongside Iran's broader reaction to the Kuwait crisis. Tehran emphasized throughout the crisis that it recognized the borders and sovereignty of the other states in the Persian Gulf. Indeed, Iran's Foreign Minister's statement read: "Iran considers respect for sovereignty and territorial integrity of other countries and noninterference in their internal affairs an absolute principle of intergovernmental relations"²⁸⁷.

There were, however, limits on this aspect of Iranian accommodation. At the same time that it was trying to rehabilitate its image in the Persian Gulf, Iran became embroiled in diplomatic disputes with Algeria and Egypt that were reminiscent of the 1980s. Algeria alleged Tehran was supporting the FIS, and cut off diplomatic relations. Cairo accused Iran of supporting Islamic extremists in the Sudan who were conducting operations in Egypt²⁸⁸. Although the charges were denied, Iran was clearly cultivating a closer relationship with the Islamic government in the Sudan, which was seen as a source of radicalism and instability²⁸⁹.

²⁸⁷ Tehran Television Service, "Foreign Ministry Condemns Invasion," FBIS-NES-90-150 (August 3, 1990): 47.

²⁸⁸ Daniel Pipes and Patrick Clawson, "Ambitious Iran, Troubled Neighbors," *Foreign Affairs* (America and the World) vol. 72, no. 1 (1992-93): 126.

²⁸⁹ Iranian Foreign Minister Ali Velayati admitted the presence of Pasdran (Revolutionary Guard) forces in the Sudan. It was speculated that they were there to provide weapons and training to various Sunni militant

Phase 3: Rafsanjani's Second Term (December 1992 to March 1997)

The turning point in Iranian policy came at the peak of the Abu Musa dispute in December of 1992. As that crisis eased-off, Iran's policies toward Saudi Arabia settled once again into a mixed pattern of accommodation and assertiveness. The former varied across time and issue area. The latter included hostile rhetoric, frequent military maneuvers, and some disruptions at the Hajj. Depending on whose account of the bombing of the Khobar Towers one believes, it might have also included terrorism²⁹⁰. This pattern continued until the summer of 1997.

The accommodation that was established during the Kuwait crisis was actually slow to unravel. Rather than an abrupt change, there was more of a slide into the mixed policy of Rafsanjani's second term. The first problems began in March 1991 when Syria, Egypt, and the GCC states signed the Damascus Declaration or 6+2 agreement. The agreement provoked a negative response from Tehran, but the GCC assured Iran that alliance was not intended to keep Iran isolated. While initially Iran seemed to be satisfied, relations began to slowly deteriorate²⁹¹.

The peak of Iranian assertiveness came at the end of 1992 in the context of a dispute with the U.A.E. over the island of Abu Musa, over which they shared sovereignty. In April and then again in August, Iran refused third-country nationals access to the Island from Sharjah. The United Arab Emirates claimed Iran had unilaterally abrogated

groups in the Levant and North Africa. See: Furtig, "Iran's Rivalry with Saudi Arabia Between the Gulf Wars," 171.

²⁹⁰ While the United States appears convinced Iran was behind the attack, the Saudis have refused to publicly condemn Iran or release the results of their investigation. Consequently, the evidence in the public sphere is sketchy. However, according to Kenneth Pollack, "there was a consensus among the analysts (US) that it likely was" Iran behind the bombing. See: Kenneth M. Pollack, *The Persian Puzzle : The Conflict between Iran and America*, 1st ed. (New York: Random House, 2004).293.

²⁹¹ F. Gregory Gause, *Oil Monarchies : Domestic and Security Challenges in the Arab Gulf States* (New York: Council on Foreign Relations Press, 1994).134-143.

the Memorandum of Understanding, seized control of the island, and was expanding its military facilities. Tehran claimed that its actions were consistent with the memorandum, and that suspicious parties with links to western powers had been visiting the island. Moreover, Tehran claimed its construction projects were no different from those being implemented by the Emirates.²⁹² The rhetoric grew more heated over the next six months, and the UAE expanded the dispute to include claims over two adjacent islands, the Greater and Lesser Tunbs. Efforts to negotiate a settlement were fruitless but tensions did seem to be easing by the end of December. The closing statement of the 13th Summit of the GCC triggered another round of rhetorical escalation, the zenith of which was a statement by Rafsanjani in which he said that the GCC would have to “cross a sea of blood” to reach the islands²⁹³.

Based on Sharjah’s version of events, the dispute, beginning with the initial detentions in April, was a sign of increased Iranian assertiveness. However, the situation was complex. There were several attempts to negotiate a settlement and Tehran consistently stated that it was ready to discuss the issue with the UAE. The UAE was also at least partially responsible for the escalation because they expanded the dispute to include the Tunbs even though there had been no change in their status. These events can therefore be interpreted in different ways and the dispute cannot be laid entirely at the feet of Tehran or definitively be taken as a sign of increased Iranian assertiveness²⁹⁴. The Iranians, for their part, argued that their actions were within the boundaries of the 1971 Memorandum of Understanding entitling Iran to safeguard the Islands. They further

²⁹² Pirouz Mojtahed-Zadeh, “The Issue of the UAE Claims to Tunbs and Abu Musa vis-a-vis Arab-Iranian Relations in the Persian Gulf,” *The Iranian Journal of International Affairs* vol.VIII, no.3 (1996): 618.

²⁹³ *Ibid.*, 620.

claimed that the dispute was the consequence of American meddling, a claim that was supported by the Director of the UAE's Foreign Ministry Department of GCC and Gulf State Affairs²⁹⁵. Regardless of how it started though, once Rafsanjani began talking about a "sea of blood", it was clear that a change in policy had occurred.

With the rhetorical exchange at the end of 1992, the period of consistent accommodation had come to an end and competition and assertiveness reemerged as part of Iran's policy mix. The Abu Musa dispute seemed to be the focal point of the deteriorating relationship between Iran and Saudi Arabia. However, it was only part of a larger pattern. Just as the Abu Musa dispute was hitting its peak, Saudi Arabia and Qatar became embroiled in a border dispute, which led Qatar to temporarily withdraw from the GCC. There was a very small military skirmish on the Saudi-Qatari border, but the dispute over the border demarcation was probably more the symptom of trouble in their relationship than the cause. As the spat intensified, Iran became involved, as it offered to provide Qatar with military aid should it need help defending itself against the Saudis. These disputes, along with Iran's attempts to rebuild its military, gave some observers the impression that Iran was trying to assume a hegemonic position in the Persian Gulf. Iran's 1989-93 five-year-plan provided \$10 billion for rearmament²⁹⁶. Russia was Iran's principle supplier, providing aircraft (along with spare parts) and armor, artillery, and three Kilo class submarines²⁹⁷. Tehran also acquired 300 Scud-B and approximately 100

²⁹⁴ Indeed, it has even been suggested that the entire matter started with the overzealous actions of a minor Iranian official. Once underway, the dispute then took on a life of its own.

²⁹⁵ The UAE official argued that the US wanted to use the dispute to keep Iran isolated. See: Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 133 and 136.

²⁹⁶ Pipes and Clawson, "Ambitious Iran, Troubled Neighbors," 127.

²⁹⁷ Tehran's shopping list also included 200 Mig-29 aircraft, and 500 T-72 tanks. See: James W. Moore, "An Assessment of the Iranian Military Rearmament Program," *Directorate of Strategic Analysis Research Note 94/01* (Ottawa, Canada: Department of National Defence Canada, Operational Research and Analysis): 6-7

Scud-C missiles from North Korea along with technological assistance necessary for improving Iran's indigenous missile industry²⁹⁸. Iran also expanded a program of military self-sufficiency that began during the Iran-Iraq war²⁹⁹. Although these acquisitions were modest relative to the arms build-up taking place among the GCC states, they brought back memories of the Shah and reinforced suspicions about Iran's ultimate motives³⁰⁰.

To make matters worse, Iran was accused of interfering in the domestic affairs of various Arab states. As discussed above, Iran had had become involved in disputes with both Algeria and Egypt and had grown closer to the Islamic government in the Sudan. Tehran also staked out a position in opposition to the Arab-Israeli peace process. Diplomatic ties with Hamas were expanded and \$20 million was allocated for various 'rejectionist' groups in the region in the 1992/93 budget³⁰¹. Given the importance the Saudis placed on non-interference, this was a very serious issue. It created the impression that the Iranian government could not, or would not, give-up exporting the revolution, and threatened to undo everything Rafsanjani had achieved during the Kuwait crisis.

Although the crisis eased after December 1992, the issue continued to occupy a central role in Iranian-GCC relations. Each GCC summit ended with calls for Iran to abandon Abu Musa and the Greater and Lesser Tunbs³⁰². Iran always replied by restating its claim that it was within its rights and that outside powers (read Washington and Cairo)

²⁹⁸ Ibid., 7.

²⁹⁹ Ibid., 8.

³⁰⁰ In the period between 1988 and 1992, Saudi Arabia imported more than twice as many conventional arms as did Tehran. In 1991, Riyadh's military expenditures were more than six times those of Iran, and in 1992 they were more than eight times as large. The Saudis' access to more advanced US systems also gave them a significant qualitative advantage. Data estimated by: Anthony H. Cordesman and Royal United Services Institute for Defence Studies., *After the Storm : The Changing Military Balance in the Middle East* (Boulder

London: Westview Press ;

Mansell, 1993).379.

³⁰¹ Pipes and Clawson, "Ambitious Iran, Troubled Neighbors," 126.

were behind the dispute. Iran also criticized the continuing military presence of the US in the Persian Gulf. Tehran claimed that regional security was not solely an Arab concern, but an Islamic concern, and that Persian Gulf security should be managed exclusively by littoral states. Although both sides called for negotiations, there was little change in the situation through to 1997³⁰³. However, the level of rhetoric remained stable, and lines of communication remained open between Tehran and the GCC states, including both Saudi Arabia and the UAE. Iranian Foreign Minister Velayati toured the Persian Gulf shortly after the initial crisis cooled down at the end of 1992. His stops included the UAE after which one senior diplomat remarked that the Island dispute had to be kept separate from the emirates “overall” relationship with Iran³⁰⁴. Indeed, trade between the two countries expanded significantly in the following months³⁰⁵. There were even rumors of Saudi King Fahd visiting Iran to meet with Rafsanjani³⁰⁶.

During the mid-1990s, Iran was also accused again of spreading subversion in the Persian Gulf. Bahrain accused Iran of being involved in the Shi’a rioting of 1994. In 1996, Bahrain claimed Iran was behind a bombing and a plot to overthrow the Sunni royal family. Bahrain’s ambassador to Tehran, and the GCC issued a statement criticizing Iranian meddling in Bahraini affairs³⁰⁷. This was followed almost immediately by the bombing of the Khobar Towers, an American military installation in Saudi Arabia. Like the Bahraini incidents, the Khobar bombing was attributed to the local chapter of Hezbollah.

³⁰² Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 132.

³⁰³ There were actually talks between Iran and the UAE in 1995, but they achieved little. See: Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 130-133.

³⁰⁴ *Ibid.*, 132 and 136.

³⁰⁵ *Ibid.*, 136.

³⁰⁶ Kramer, “Khomeini’s Messengers in Mecca: Arab Awakening and Islamic Revival.”

The American dimension to the Khobar bombing further complicated Iranian relations with Saudi Arabia. Washington blamed the Islamic Republic and was openly frustrated with Riyadh's reluctance to implicate Tehran³⁰⁸. The US, which already was adopting a policy of dual containment against both Iran and Iraq, was pushing for a harder line on Tehran³⁰⁹. The Saudis, who were not anxious for a confrontation with Iran, were put squarely in the middle.

Despite these incidents, there continued to be important elements of behavioral accommodation in Iranian policy. Tehran denied connection to domestic disturbances in the region and claimed that it still wanted neighborly relations based upon mutual respect and non-interference in domestic affairs.

This pattern was evident in Iran's other dealings with Saudi Arabia. During the 1993 Hajj, Iranian pilgrims held one small demonstration in a relatively isolated location³¹⁰. They did not receive a great deal of attention and both governments seemed satisfied with the situation. The Iranian press, however, began to criticize the arrangement and soon both governments were drawn into a series of mutual recriminations. The next year, demonstrations were not allowed at all and Iran's quota of pilgrims was cut to 55,000. In 1995, the quota was raised slightly, but demonstrations continued to be banned³¹¹. Unlike 1991 and 1992, Iran was unwilling to refrain from criticism, or make conciliatory statements. Khomeini's in particular was vocal in his chastisement of the Saudis. However, the criticisms were muted relative to those during past disputes.

³⁰⁷ Pollack, *The Persian Puzzle: The Conflict between Iran and America*, 281.

³⁰⁸ see Pollack (2005) pp.283-285.

³⁰⁹ For a discussion of America's dual-containment policy, see: F. Gregory Gause, "The Illogic of Dual Containment," *Foreign Affairs* (March/April 1994): 56-66.

³¹⁰ Kramer, "Khomeini's Messengers in Mecca: Arab Awakening and Islamic Revival."

³¹¹ Chubin and Tripp, "Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf," 56.

Rafsanjani's comments had an air mostly of resignation³¹². The hard-line speaker of the Majlis, Ali Akbar Nateq-Nuri, blamed the situation on outside powers and argued that relations with the Saudis needed to be maintained³¹³. Most importantly, Iran continued to send pilgrims to the Hajj, and continued to restrain them from mounting demonstrations, even though Riyadh was taking essentially the same position it had in 1988 when relations were cut off³¹⁴.

Iranian-Saudi relations in OPEC also demonstrated a mix of accommodation and assertiveness. In 1993, the price of oil dropped significantly, which frustrated Iranian plans for post-war reconstruction. Iran publicly blamed Saudi overproduction in a way reminiscent of the late 1980s. Nevertheless, Rafsanjani met directly with the Saudis and worked out a compromise, which satisfied both states for a short period. When world oil prices dropped again in 1994, the recriminations began anew, with both states accusing the other of overproduction. However, while Iran was not pleased by the March 1994 OPEC agreement, its comments were restrained. Moreover, Rafsanjani, recognizing that an OPEC agreement was not within reach, reportedly tried to keep their disputes in OPEC separate from their other dealings³¹⁵.

For the most part, the accommodation in this mix was behavioral in nature. There was still some evidence, though, of the substantive aspect of Iranian accommodation. Tehran's willingness to limit demonstrations at the Hajj is indicative of how exporting the revolution had declined in importance. Tehran also maintained good relations with Oman, Qatar, and Kuwait and while there were criticisms of various Saudi and GCC policies, the

³¹² Ibid.

³¹³ Kramer, "Khomeini's Messengers in Mecca: Arab Awakening and Islamic Revival."

³¹⁴ Chubin and Tripp, "Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf," 54-56.

regime was not challenging the regional order as it had in the 1980s. Nevertheless, there continued to be signs that the process of redefining this interest was incomplete. Iran's connection to regional chapters of Hezbollah was inconsistent with the principle of non-interference in domestic affairs. Even if Tehran did not orchestrate either the Khobar bombing or the Bahraini incidents, the Islamic Republic was either not able or not willing to dissociate itself from militant opposition groups in the region³¹⁶.

In part, the gaps in substantive accommodation seemed to co-vary with the consistency of behavioral accommodation. There were persistent indicators that the Islamic Republic retained some interest in exporting revolution to other states in the Persian Gulf throughout the first three phases of accommodation; mostly in the form of media criticism and rhetoric from junior members of the government. However, these indicators seemed to become more pronounced at points where behavioral accommodation was flagging. The Khobar bombing and the disruptions in Bahrain highlighted the Islamic Republic's support for opposition groups when Saudi-Iranian ties were particularly strained. Most significant were the accusations made by Algeria and Egypt. Although they were made during the second phase of accommodation, they came toward the end of the period, just as cracks were beginning to show in the relationship.

³¹⁵ Ibid.

³¹⁶ Tehran maintains that in the Bahraini case, the local Shi'a population was acting independently and without Iranian direction. As for Khobar, Iran claims that it had nothing to do with the incident. Rather than

Phase 4: Dialogue, Détente, and Reform (March 1997 to June 2005)

The new phase in Iranian-Saudi relations began just prior to the election of Muhammad Khatami as President. Iran once again muted its criticism of the Saudis and diplomatic contacts were expanded. This time, however, the accommodation was more stable and there were formal agreements reached, most notably in OPEC. This pattern continued to hold through September 11th and the US invasion of Afghanistan.

The big break in Iranian-Saudi relations came in March of 1997 in Pakistan during celebrations for the country's National Day. Crown Prince Abdullah met Rafsanjani and it was agreed that Rafsanjani would visit the kingdom after the up-coming Iranian elections. Contacts had in fact begun prior to this, in 1996. In London, the editor of al-Sharq al-Awsat indicated to an Iranian diplomat that the Saudi government wanted to improve relations with Iran. Later that year in Jeddah, Rafsanjani's son along with the Iranian Ambassador to Germany met with Saudi representatives³¹⁷.

Contacts expanded in late 1997 amidst an atmosphere of change and reconciliation. The election of Iran's new president, Muhammad Khatami, was a significant surprise³¹⁸. He had been a relatively minor political figure prior to his election. However, during his campaign, both his domestic and foreign policies platforms were very clear. He called for reform at home and détente abroad and comparisons were even made to Soviet leader, Mikhail Gorbachev. Once in office, his agenda was confirmed by an early speech, in which he said, "expanding the dimensions of friendship and

Iran and Shi'a opposition, they would point instead to more recent speculation that Sunnis affiliated with al-Qaeda were responsible.

³¹⁷ Author's interview with Dr. Abbas Maleki, Director, International Institute for Caspian Studies (former Deputy Foreign Minister, 1988-1999) at International Institute for Caspian Studies, Tehran, Thursday December 20, 2001.

³¹⁸ Shaul Bakhash, "Iran's Remarkable Election," *Journal of Democracy* 9, 1 (1998): 80-94.

cooperation with neighboring countries, especially Saudi Arabia and the Gulf countries, is at the top of my Government's priorities"³¹⁹. Shortly thereafter it was announced that commercial airline flights would resume between the two countries and the plans for Rafsanjani's trip to Saudi Arabia were made public. The impact of Khatami's policy of détente was immediately visible in December of 1997 when Iran hosted the IOC meeting. The meeting was in effect, a coming out party for Iran's new President. Saudi Arabia attended, as did virtually all of the major Arab states, including Egypt. The only notable no-shows were Jordan and Morocco. This was in stark contrast to the poorly attended economic summit that been sponsored by the US in Doha³²⁰. The meeting was quickly followed by Khatami's call for a dialogue of civilizations at the U.N. and an appearance on CNN.

Tehran's new tone was recognized by Iran's neighbors and the rest of the international community, including some of Iran's harshest critics. Relations with most of the GCC states improved. The U.A.E. continued to complain about the Abu Musa situation, which had not changed, but it did not receive much support³²¹. There were numerous positive statements made by the leaders of the GCC states, praising relations with Iran³²². Perhaps most significantly, full relations were restored with Bahrain, which had downgraded relations below the ambassadorial level after the 1996 coup³²³. Diplomatic and economic relations with Western Europe also improved and even the

³¹⁹ Daily Report: Near East/South, Al-Majallah, London, FBIS-NES-98-006 (December 13, 1997).

³²⁰ R.K. Ramazani, "The Shifting Premise of Iran's Foreign Policy: Towards a Democratic Peace?," *Middle East Journal* vol. 52, no. 2 (Spring 1998): 182.

³²¹ Sherine Bahaa, "GCC fractures over Tehran ties," *Al-Ahram Weekly*, no. 434 (June 17-23, 1999): <http://weekly.ahram.org.eg/1999/434/re5.htm> (accessed August 22, 2009).

³²² Bijan Assadi, "Iran and the Persian Gulf Security," *Discourse: An Iranian Quarterly* vol. 3, no. 1 (Summer 2001): 120-122.

³²³ *Ibid.*, 121.

United States seemed to recognize that a significant change had taken place³²⁴. President Clinton made statements apologizing for the Mossadeq coup and while the ISA sanctions regime remained in place, some import bans on Iranian products were lifted. The Iranian national soccer team even visited the United States and President Khatami called for increased cultural and intellectual contacts with America as part of his policy of “dialogue of civilizations”³²⁵.

Ultimately, Khatami’s reforms bogged down in the face of domestic opposition. Relations with the US also proved intractable. Although Khatami had some success with Western Europe and Canada, he was not able to overcome nearly 30 years of hostility between Tehran and Washington. Relations with Saudi Arabia the Persian Gulf states were, however, his most impressive success. Diplomatic contacts took place at the highest levels and in each of the key issue areas Iran adopted a consistently accommodative approach.

Rafsanjani’s visit to Saudi Arabia in 1997 was a resounding success. Although not formally in office, the former president remained a powerful and influential figure in Iranian politics. According to former Deputy Foreign Minister Dr. Mahmood Vaezi, who was present during the visit, “almost all obstacles” to better relations were removed³²⁶. At the OIC summit that followed shortly thereafter, Khatami met with the Saudi Crown Prince along with the delegation from Riyadh, and emphasized the need for unity and

³²⁴ Adam Tarock, “Iran-Western Europe Relations on the Mend,” *British Journal of Middle Eastern Studies* 26, 1 (1999): 51.

³²⁵ R.K. Ramazani, “The Shifting Premise of Iran’s Foreign Policy: Towards a Democratic Peace?,” *Middle East Journal* vol. 52, no.2 (Spring 1998): 177-187.

³²⁶ Author’s interview with Dr. Mahmood Vaezi Deputy of Foreign Policies and International Relations, Center For Strategic Research (also former Deputy Foreign Minister, 1987-1999) at Center For Strategic Research, Tehran, December 10, 2001.

coordination between the two states³²⁷. In April 1999, Saudi Prince Sultan visited Tehran amidst rumors that the two countries would sign a mutual non-aggression pact³²⁸. Although the two sides did not sign a defense pact, they did sign an agreement on cultural and commercial cooperation shortly afterwards. Less than a month later, Khatami toured the capitals of the GCC states, including Saudi Arabia. It was the first visit by an Iranian head of state to Saudi Arabia since the revolution and he was greeted at the airport by King Fahd despite his ill health and use of a wheelchair³²⁹. Afterwards, Saudi Foreign Minister Saud al-Faisal said the visit “consolidated confidence between the two countries”³³⁰.

These statements were soon turned into policy. At the Hajj, Iran’s pilgrimage quota was raised from 145,000 to 245,000. Iran once again was allowed to hold anti-western demonstrations, but they agreed to hold them away from the main pilgrimage centers. Also, while they continued to criticize the US and Israel, the demonstrations refrained from attacking the Saudi state or royal family. Iran also took steps to facilitate access for Arab Muslims wishing to make pilgrimages to holy sites in Iran³³¹.

As noted above, Iran and Saudi Arabia did not sign a mutual non-aggression pact, despite the rumors. However, they did sign an agreement dealing with domestic security issues such as organized crime, drug smuggling, and terrorism³³². Iran also consulted with the Saudis concerning its arms purchases. Although it continued to acquire weapons, it

³²⁷ Assadi, “Iran and the Persian Gulf Security,” 121.

³²⁸ Al-Sharq Al-Awsat, London, FBIS-NESA (April 30, 1999).

³²⁹ Assadi, “Iran and the Persian Gulf Security,” 121.

³³⁰ Ibid., 122.

³³¹ Author’s interview with Muhammad Ali Emani, Senior Expert on Middle East Affairs, Institute for Political and International Studies (IPIS), at Institute for Political and International Studies, Tehran, November 20, 2001.

³³² Anthony H. Cordesman, “Saudi Arabia and Iran – Review Draft,” *Saudi Arabia Enters the 21st Century Project* Canadian Security Intelligence Service (CSIS) (June 2001): 9.

provided the Saudis with assurances to ease their fears. For instance, during the Saudi defense Minister's visit in 1999, they discussed and exchanged information on such things as Iran's "Shahab-3" missile program³³³. Iran continued to argue that security in the Persian Gulf should be left to the littoral states and that outside powers –namely the United States- only brought instability³³⁴. Iran's tone remained conciliatory, though, and in general they did not criticize the Saudis or the other GCC states directly. According to one Iranian academic, Iran's position was pragmatic: small security agreements would eventually lead to something more comprehensive and there was no point in complaining too vigorously about the US presence because for the foreseeable future, they were not going anywhere³³⁵. Former Deputy Foreign Minister Abbas Maleki went one step further. With the American military pinning Saddam Hussein down within Iraqi territory, he described Iranian-US relations as a de-facto alliance³³⁶.

OPEC coordination took longer to achieve. Iran and Saudi Arabia had different preferences in both 1997 and 1998; however, Iran was patient and did not complain. In 1999, there were finally signs of convergence. Saudi Arabia was willing to take the largest production cuts and agreed to use 3.9 million bpd as the baseline for calculating Iran's cuts. This trend cumulated in March 2000 when OPEC adopted a "price band"

³³³ Ibid., p. 8. See also: Kayhan Barzegar, "Detente in Khatami's Foreign Policy and its Impact on Improvement of Iran-Saudi Saudi Relations," *Discourse: An Iranian Quarterly* vol. 2, no. 2 (Fall 2000): 170.

³³⁴ Author's interview with Dr. Hamid Ahmadi, Professor University of Tehran, Institute for Strategic Studies of the Middle East, at Institute for the Strategic Studies of the Middle East, Tehran, December 2, 2001.

³³⁵ Ibid.

³³⁶ Author's interview with Dr. Abbas Maleki, Director International Institute for Caspian Studies (former Deputy Foreign Minister 1988-1999), at International Institute for Caspian Studies, Tehran, Thursday December 20, 2001.

mechanism, which would keep the average price of oil at \$24 per barrel with upper and lower limits of \$28 and \$22 respectively³³⁷.

By the end of the 1990s, the change in Iranian-Saudi relations was striking compared to earlier in the decade. Perhaps even more surprisingly, the relationship was able to withstand the impact of September 11th and America's subsequent war on terror. There was a short period following 9/11 in which Iranian-American relations improved. Iran expressed sympathy for the United States and condemned the Taliban and Al Qaeda. There were also spontaneous demonstrations of support for the US in Tehran, where a candle-light procession was held. Iran was also fairly cooperative with the US during military operations in Afghanistan. Indeed, the Afghani affair was strikingly similar to Kuwait crisis of 1991. A few members of the Iranian elite argued that Iran should side with the Taliban against the Americans but they seemed to have little impact on policy³³⁸. The official Iranian position was that the effort to overthrow the Taliban should be a multinational endeavor organized by the UN. Nevertheless, Iran did not interfere with the Americans. Indeed, Tehran promised safe passage for any American fliers who crashed on Iranian soil³³⁹. Iran also helped organize part of the Afghan resistance involved in the

³³⁷ Barzegar, "Detente in Khatami's Foreign Policy and its Impact on Improvement of Iran-Saudi Saudi Relations," 169.

³³⁸ IRNA, "Iran: MP calls on government to 'convey' views to US on Afghan conflict," The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, October 30, 2001 (accessed July 6, 2009).

³³⁹ Tom Hundley, "Iranian leaders have stake in Taliban's fall," *Chicago Tribune*, The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, October 29, 2001 (accessed July 6, 2009).

fighting³⁴⁰. Once the Taliban were deposed, Iran also played an important diplomatic role in establishing the pro-western Karzai government³⁴¹.

The pattern of American-Iranian relations in late 2002, however, paralleled the short-lived rapprochement that took place between the two during the 1991 Kuwait crisis. As military operations wound down in Afghanistan, problems began to emerge. The US accused Iran of stirring unrest and arming Afghani war-lords in the north-east of the country³⁴². Most importantly, Washington claimed to have intercepted a shipment of Iranian arms bound for the Palestinian territories. Although the Iranian government denied any involvement, the ship was traced back to the Iranian port of Bandar Abbas and the weapons apparently included particular types of anti-tank munitions manufactured only in Iran³⁴³. In January 2002 the cycle was completed when American president, George W. Bush, branded Iran as part of an axis of evil along with Iraq and North Korea.

Relations between the US and Iran deteriorated further as Washington began to implement what has come to be known as the “Bush Doctrine”. Consequently, American defensive strategy shifted away from containment and towards preemption³⁴⁴. The first test case for this doctrine was Iraq and it was widely speculated that the second would be Iran. Washington resurrected its claims that Iran was the world’s largest state sponsor of

³⁴⁰ James Risen, “Bin Laden Sought Iran as an Ally,” *U.S. New York Times*, The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, December 31, 2001 (accessed July 6, 2009).

³⁴¹ BBC News, “Annan Thanks Iran for Afghan Support,” The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, January 26, 2002 (accessed July 6, 2009).

³⁴² Eric Schmitt, “Iran engagement in Afghanistan worries USA,” *New York Times*, The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, January 10, 2002 (accessed July 6, 2009).

³⁴³ The New Republic, “Eastern Alliance,” The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, January 24, 2002 (accessed July 6, 2009).

³⁴⁴ Robert Jervis, “Understanding the Bush Doctrine,” *Political Science Quarterly* 118 (Fall 2003): 365-388.

terrorism and the two states appeared to be headed toward a showdown over Tehran's nuclear enrichment program.

All of this had serious implications for Iranian policy toward Saudi Arabia. The initial post-9/11 environment facilitated relations with Riyadh. With Khatami in power and a shared animosity toward the Taliban, a breakthrough in American-Iranian relations seemed a real possibility. Western diplomats, including the British, German, Italian, and Canadian Foreign Ministers visited Tehran and welcomed Iran's position during the crisis³⁴⁵. To a lesser extent, the relationship was also facilitated by the removal of the Taliban from power. Tehran had a long list of grievances against the Afghani government and in part blamed the Saudis because of their ideological and financial connections to them. However, once relations with Washington began to deteriorate, the potential existed for a spill-over effect into Iranian-Saudi relations. Lumping Iran into the axis of evil was particularly problematic because it clearly indicated Washington's hostile intent –they could no longer be seen as tacit allies. The US-Saudi military alliance therefore posed a more serious threat to Tehran than it had at any time since Mohammed Khatami had become president.

Iranian-Saudi relations were further complicated by political events in the larger Middle East, the most important of which was the rise in Shi'a political activism in the region. Washington either failed to anticipate or failed to appreciate the impact of deposing Saddam Hussein on Sunni-Shi'a relations in the region. With Saddam and the Sunni-dominated Ba'th out of Baghdad, the Shi'a were left as the dominant political community. This, along with the growing weight of Hezbollah in Lebanon sparked

concern among the Sunni Arab world that a “Shi’a crescent” was rising between the Persian Gulf and Mediterranean coast³⁴⁶. This was doubly threatening to the al-Saud because it included Saudi Arabia’s own Shi’a population, and because many within the Shi’a community were embracing a ‘rejectionist’, anti-American, anti-Israeli political program, which ran counter to the conservative approach favored by the Saudis³⁴⁷.

As Khatami’s period in office was coming to an end, Iran and Saudi Arabia found themselves on opposite ends of the Cedar-Revolution. The assassination of former Lebanese Prime Minister Rafik Hariri in February of 2005 created a backlash against Syria’s continued military and political dominance in the country. Riyadh backed the anti-Syrian forces while Iran supported pro-Syrian Hezbollah, and maintained a close relationship with Syria itself.

The relationship was also challenged by the rise of Hamas in Gaza, and the escalating violence between the Palestinians and Israel³⁴⁸. Tehran established close relations with Hamas and supported its rejection of Israel’s right to exist as well as its use of violence. Riyadh, on the other hand, continued to back FATAH, which was losing political ground to Hamas at that point. They also favored negotiations over violence, American mediation, and a two state solution to the conflict.

These issues underlined the fact that the two states still had significantly different interests as well as very different ideological outlooks. Nevertheless, Iran’s approach to

³⁴⁵ Tom Hundley, “Iranian leaders have stake in Taliban’s fall,” *Chicago Tribune*, The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, October 29, 2001 (accessed July 6, 2009).

³⁴⁶ Sami Moubayed, “The waxing of the Shi’ite Crescent,” http://www.atimes.com/atimes/Middle_East/GD20Ak01.html (accessed August 24th, 2009).

³⁴⁷ According to Vali Nasr, Shi’a political activism rose significantly within Saudi Arabia since the invasion of Iraq. See Vali Nasr “The Regional Implications of the Shi’a Revival in Iraq” *Washington Studies Quarterly* 27 (3) Summer, 2004: 17-18.

Saudi relations remained basically the same. Trade relations continued to expand between the two countries and the price-bandwidth mechanism was maintained in OPEC although it became somewhat redundant as the price of oil rose above the \$30 mark³⁴⁹. The two states also continued to consult on security matters, and Iran refrained from directly criticizing Riyadh or attacking Saudi policies, even when there were significant differences between them. In November of 2001, shortly after the 9/11 attacks, the first meeting of the working committee for Saudi-Iranian security was held in Riyadh³⁵⁰. In January of 2002, the two states issued a joint communiqué, which emphasized the continued importance of their security agreement, and expressed satisfaction at the state of their bilateral ties. The communiqué also criticized the western media depiction of Islam, and any unilateral solution to the growing crisis between the United States and Iraq³⁵¹. In September of 2002, Khatami met Prince Abdullah in Saudi Arabia to discuss regional matters, including the possibility of a US invasion of Iraq as well as the situation in Palestine.³⁵² In March of 2002, Riyadh proposed a peace plan for the Israelis and Palestinians. The plan, reflecting the Saudi perspective on the conflict, was out of sync with Iran's viewpoint. Nevertheless, Iranian officials were respectful rather than critical. Iran's foreign minister, Dr. Kharrazi, praised Prince Abdullah's effort without supporting

³⁴⁸ IRNA, "Velayati meets Hamas Leaders," The Gulf/2000 Project Members' Page School of International and Public Affairs, Columbia University, July 25, 2000 (accessed July 6, 2009).

³⁴⁹ See: M. Ghazanfar Ali Khan, "Industrial Fair Likely to Rev up Saudi-Iran Commercial Ties," *Arab News* The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, January 11, 2002 (accessed July 6, 2009). See also: "Kingdom, Iran Set to Sign Trade Accords," *Arab News*, The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, March 9, 2003 (accessed July 6, 2009).

³⁵⁰ "Saud Al-Faisal's Trip to Iran Was Not Political," *Tehran Times*, The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, June 17, 2003 (accessed July 6, 2009).

³⁵¹ Saudi Press Agency, "Saudi-Iranian Joint Statement," The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, January 2, 2002 (accessed July 6, 2009).

³⁵² Arab News, "Kingdom and Iran Discuss Looming War," The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, September 15, 2002 (accessed July 6, 2009).

the plan. Hashemi Rafsanjani commented that “Emir Abdullah is a wise and thoughtful person, and we must hear what he has to say”³⁵³. Iran also repatriated a significant number Saudi nationals connected to the Taliban and/or Al Qaeda. This issue took some diplomatic work, however. In 2002, several hundred Saudi nationals were deported from Iran. In 2003, however, the repatriations stopped, even though a number of high-ranking Saudi Al Qaeda operatives were said to be held in Tehran³⁵⁴. The United States claimed this was proof that Iran was cooperating with Al Qaeda, but Tehran claimed it planned to place them on trial in Iran. It was rumored however, that Tehran was worried about Al Qaeda attacks in Iran. It was also suggested that Iran was trying to trade them for MKO supporters that the US had captured in Iraq. The situation remained frozen until 2004, when a Saudi Judiciary committee visited Iran. The meetings resulted in an understanding that a judicial agreement was needed concerning extradition issues. Subsequently, Iran turned over Khalid Al Harbi, a prominent Saudi national involved with Al Qaeda³⁵⁵.

This agreement, of course, was reached after the US deposed Saddam, indicating that Iran’s policy of accommodation was still in place despite the strain placed on their relationship by the sectarian conflict in Iraq. Indeed, although both countries provided funding and support for various groups in Iraq, the situation did not deteriorate into a

³⁵³ IPR Strategic Business Information Database, “Iran: Iranian Leadership Wary Of Criticizing Saudi Peace Plan,” The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, March 25, 2002 (accessed July 6, 2009).

³⁵⁴ United Press International, “Saudi-Iran Talk Al-Qaida Suspect Turnover,” The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, November 4, 2003 (accessed July 6, 2009).

³⁵⁵ Arab News, “Saudi, Iran Hold Talks on Extradition of Wanted Persons,” The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, June 10, 2004 (accessed July 6, 2009).

proxy war as some expected³⁵⁶. Diplomatic contacts continued as usual the Chair of the Iranian National Security Council visiting the GCC states and Saudi Arabia early in the summer of 2005³⁵⁷. Similarly, the two states seemed to manage the sectarian conflict in Lebanon. While the 2006 Lebanese war did have a noticeable impact on their relationship, the Saudis and Iranians were able cooperate during the 2005 crisis. With Tehran supporting Hezbollah, and Riyadh supporting the anti-Syrian March 14th Alliance, the two states negotiated a compromise between the parties. The negotiations reportedly involved Prince Bandar bin Sultan of Saudi Arabia and Ali Larijani, secretary of Iran's Supreme National Security Council³⁵⁸.

Iran's policies during this period involved a mix of behavioral and substantive accommodation. On the behavioral side, Iran refrained from rhetorical attacks and criticism, particularly in areas where they disagreed, such as regional security and OPEC, until 1999. Indeed, Iran made numerous statements praising the new spirit of détente. These statements both reassured the Saudis and shielded pragmatic foreign policies from radical critics at home. Iran also consulted and coordinated with the Saudis to ensure that misunderstandings and accidents were avoided. This was particularly evident during the post-9/11 period, when regional events threatened to destabilize their relationship. Finally, although some goals were not abandoned, they were put on hold. For instance, Iran was content with limited security agreements and informal consultation in the short term, while still holding out hope that a formal arrangement would be established in the

³⁵⁶ Frederic Wehrey, Theodore W. Karasik, Alireza Nader, Jeremy Ghez, Lydia Hansell and Robert A. Guffey, "Saudi-Iranian Relations Since the Fall of Saddam: Rivalry, Cooperation, and Implications for U.S. Policy," RAND National Security Research Division (2009): 63.

³⁵⁷ Dallas Star "For Saudi and Iran, Search for Security" The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, November 4, 2003 (accessed July 6, 2009).

³⁵⁸ *Ibid.*, 79-81.

future. For the foreseeable future, Iran could also accept the American naval presence because it had no choice and because it kept the Iraqi threat in check. Over the longer term though, Iran hoped its good behavior would reduce Riyadh's dependence on US military support. The behavioral aspect of Iran's accommodation during this period was similar to the policies it pursued during the 1990-1992 period, but they were more comprehensive and pursued with greater care. Iran was also probably more realistic about what it could hope to achieve and therefore better able to judge how accommodating it would have to be to maintain a stable relationship.

Substantive accommodation also appeared to progress significantly under Khatami. First of all, the redefinition of Iranian interests that began in the late 1980s appeared to have taken a firm hold in Tehran. While it seemed that Rafsanjani had to fight to convince his colleagues that they had to accommodate themselves to the regional order, there was little real opposition to the idea after 1997. Indeed, interview data collected in November and December of 2001 consistently indicated that there was a consensus among the mainstream elite that good relations with Saudi Arabia were necessary for Iranian interests³⁵⁹. The Afghan crisis, like the Kuwait crisis earlier, provided a good test of Iranian sentiment. Like Saddam Hussein in Iraq, the Taliban and al Qaeda in Afghanistan represented an opportunity to challenge to the status quo. Although a few radical ideas were floated during the Afghanistan crisis, they did not seem to have any significant support.

³⁵⁹ This conclusion is based on interviews conducted among Iranian academics, political consultants, former senior diplomats and one member of the *Majlis* (parliament) in November and December of 2001. Not only did all of the interview subjects support the idea of an accommodation with the Saudis, each argued that there was no significant opposition to the idea among Iran's decision-makers.

Secondly, and just as importantly, the Iranians made significant progress in convincing the Saudis that Iran had changed the way it saw its interests in the Persian Gulf. Certainly, the Saudis continued to be suspicious of Iranian intentions, but not to the same degree as in the late 1980s when Rafsanjani began his “Good Neighbor” policy. Part of the credit for this must go to Khatami, who went to great lengths to reassure the Saudis that Iran was no longer in the revolution business. However, the impact of his ‘charm offensive’ should not be overstated. The Saudis approached the Iranians before Khatami had taken office and Rafsanjani had made similar statements while he was in office. The Saudis likely came to the conclusion on their own that Iran had changed to degree, or they felt that they had no choice but to take a chance. In either case, once the period of Détente and Dialogue had begun, Iranian behavior followed suit. Tehran appeared to maintain relations with a variety of groups such as Hezbollah in Saudi Arabia but there were no more incidents like the Khobar Towers bombing or the failed coup in Bahrain.

One could also argue that there was a degree of substantive accommodation on regional security issues as well. For instance, although they had their own (different) reasons, neither Tehran nor Saudi Arabia was anxious to see the US invade Iraq in 2003. To an extent, Tehran’s tolerance of the American military presence was also representative of substantive accommodation. As Tehran increasingly defined its interests in terms of *realpolitik* instead of ideology, keeping Iraq in check became more important than the keeping the region free of western imperialism.

Overall, however, Iran’s policies are best understood as behavioral rather than substantive. On regional security issues, there was a limited degree of substantive

accommodation, Tehran remained fundamentally opposed to the presence of US military forces in the region. Despite comments suggesting that there was a “*de facto* alliance” with the US, Tehran believed that the American presence distorted the regional balance of power, encouraged assertiveness on the part of its Arab neighbors, and generally undermined stability. Iran’s position remained that regional security was best managed by the littoral states themselves. Tehran was willing to mute its criticism of the US-Saudi alliance in 1997 because the Americans were focused on keeping Iraq pinned down and because, realistically, there was little it could do to change the situation. During the post-9/11 period, this situation changed somewhat, with the American military becoming more threatening. This did not undermine the relationship that Iran had established with Saudi Arabia, but it did make it more complex to manage.

Similarly, Iranian-Saudi coordination on the price-band mechanism in OPEC was not the product of Tehran re-conceptualizing its approach to oil exports. Rather, rising world demand for petroleum and the subsequent rise in prices made it easier for the Saudis to accommodate Iranian oil interests without sacrificing their own. Again, at their roots, Iranian-Saudi interests remained fundamentally divergent but, on the surface, circumstances produced an apparent convergence.

2. Causal Analysis

To analyze the dynamics of Iran’s accommodative policies, the same framework that was used to examine the initiation of accommodation can be employed. Changes in the consistency and dynamics of Iran’s policies will be examined once again, in terms of motivations, stimuli, and permissive factors. Despite changes in government, it will be

argued below that the motivations behind Tehran's policies toward Riyadh were relatively constant and largely consistent with those at the point of initiation. The burden of explaining policy change therefore falls mainly on the stimuli and permissive factors. As will be discussed, many of the same factors involved in initiation continue to shape the dynamics of accommodation. However, to a large degree there is a reversal in their roles. Changes in what were permissive factors play key roles as stimuli for changes in dynamics, while the old stimuli continue to be important as permissive factors. Reciprocity is most notable in this respect. Changes in Iran's policies were prompted by changes in the reciprocity they received, or expected to receive from Saudi Arabia. How they reacted to those changes was shaped by its regional position as well as by the requirements of domestic regime security.

A. Motivating Factors

Despite significant political developments within the Islamic Republic, it will be argued below that variations in Iran's accommodative policies toward Saudi Arabia cannot be explained in terms of changes in the regime's motivations. Iran's political system following the constitutional reforms and the death of Ayatollah Khomeini has been referred to as the Islamic state's "Second Republic". The trends in regime motivations that emerged before this period, continued to develop as this new republic took shape, and were consolidated during Rafsanjani's first four-year term as president. The nature of motivations remained consistent through Rafsanjani's second term and, while much has been made of President Khatami's reformist agenda, it will be argued that little changed during his time in office. Although his style was more conciliatory, the

goals and concerns that guided foreign policy were largely identical to those that shaped decision-making under Rafsanjani –at least as far as Saudi Arabia was concerned.

As Khomeini's life came to an end, pragmatism had emerged as the most prominent theme in regime motivations. The chief concerns were the security of the state and the security of the regime, with the ordering between the two dependent on which appeared to be under the greatest threat. Ideology and economics were secondary and played their most important roles in support of the two first-tier concerns. In 1988, there was some instability in this ordering because ideologues continued to hold important positions within the regime. They challenged the emerging political order centered around Rafsanjani and Khomeini'i and continued to press an ideological agenda.

While Khomeini was alive, he used his influence to protect and promote the Rafsanjani-Khomeini'i alliance, but without completely ostracizing the ideologues in the system. As was described in the earlier discussion of motivations, Khomeini used the Salman Rushdie issue to re-strike a balance between the elite factions after he had laid the groundwork for the pragmatist coalition to succeed him. While this allowed inter-elite competition to continue, the situation remained manageable. Had Khomeini simply cut all the radicals out of the political picture –as he did with Montazeri- the shock might have been too much for a system already strained by eight years of war, eight years of domestic hardship and a brewing succession crisis. Besides, while Khomeini was siding against the more ideological elements within the regime, he undoubtedly continued to see them as a legitimate voice within the regime. In a sense, one may argue that they represented what he wanted to do, rather than what he felt he had to do³⁶⁰.

³⁶⁰ This argument would be consistent with the previously mentioned quote wherein Khomeini likened accepting a ceasefire with Iraq to drinking from a cup of poison.

Once Khomeini was dead, there was no one to play the role of balancer³⁶¹. The competition between the pragmatic and ideological trends within the regime therefore became a bit more naked. Rafsanjani and Khomeini'i were able to maneuver through the succession process with the former emerging as the new president and the later as the new Faqih. Radicals, nevertheless, continued to hold important positions within the government and society. Khomeini's son, Ahmed, was one prominent ideological voice. Although he held no formal office, he had served at his father's side, particularly while his health was declining, and he could not be ignored. Other radical members of the clergy, such as Mehdi Karrubi and Hojatoleslam Mohammad Asqar Musavi-Khoeniha, continued to dominate the Militant Clerics Association (Majma-yi Ruhaniyun-i Mobarez, or MRM). The Majlis remained their stronghold, with Karrubi serving as the speaker of the house³⁶².

The radicals used these positions to attack the policies of the President-Leader partnership. They criticized renewing relations with Saudi Arabia and Kuwait, as well as Rafsanjani's first economic plan, which called for foreign investment, a freer market, and the return of expatriate technocrats who had fled the revolution. Although their position was not as strong as it had been prior to the end of 1988, they therefore continued to play a role in setting the political agenda.

In the period between 1989 and 1992 Rafsanjani and Khomeini'i took steps to extend and consolidate their hold on power. They were able to succeed through adept institutional maneuvering. However, as was the case during the 1983 to 1988 period, pragmatism was also reinforced by changes in the political environment. Although

³⁶¹ It appears that Khomeini'i has tried to rise above his alliance with Rafsanjani to play this role.

³⁶² Hunter, *Iran after Khomeini*, 40.

significant differences between Rafsanjani and Khomeini'i were to appear over time, this process furthered the hold of pragmatism over regime motivations.

The first step came during the elections for the Assembly of Experts, in October 1990. Khomeini'i directed the Council of Guardians to examine the Islamic qualifications of the candidates. The council, which tended to support the Rafsanjani-Khomeini partnership, blocked many of the MRM candidates, including incumbent radicals such as Ayatollahs Karrubi, Mohtashemi, Ardebelli, and Khalki³⁶³. Many other radicals boycotted the elections, in protest. As a result, the MRM was ousted from the institution, which in theory had the power to remove the Faqih, and replaced by those loyal to Khomeini'i³⁶⁴.

The next step in the process came in the spring of 1992, with the Majlis elections. With the Council of Guardians scrutinizing all parliamentary candidates, Khomeini'i and Rafsanjani had the ability control who could run. When the election process began, thirty incumbents were disallowed and Khomeini'i and Rafsanjani's allies took all of the Tehran seats and over 75% of the rest³⁶⁵.

The pragmatist line was also reinforced by the successes of its policies. The radicals criticized Rafsanjani and Khomeini'i for the "Good Neighbor" policy, and insinuated that Rafsanjani was trying to reestablish relations with the United States - which he apparently was. However, they were in a weak rhetorical position. Through his "Good Neighbor" approach, Rafsanjani was able to score remarkable concessions from Iraq, gain international recognition for Iran's diplomacy, and finally reopen ties with

³⁶³ *Middle East International* (October 26, 1990): 14

³⁶⁴ *Ibid.*

³⁶⁵ Mehrdad Haghayeghi, "Politics and Ideology in the Islamic Republic of Iran," *Middle Eastern Studies* 29, 1 (1993): 40.

Saudi Arabia, which, among other things, allowed Iranian pilgrims the opportunity to return to the Hajj. As the US carved easily through the Iraqi forces during “Desert Storm”, the radicals found their rhetorical position equally decimated.

As discussed in earlier pages, Rafsanjani and Khomeini'i had many shared concerns as they maneuvered themselves into power. Both emphasized a *realpolitik* conception of security over ideological foreign policy goals. They both also favored a more efficient, less ideological economic model. Most importantly, their partnership was based on a desire to preserve the revolutionary political system³⁶⁶.

There were, however, differences between them. As they consolidated their position and dispatched their MRM opponents, these differences became more apparent, particularly in terms of the extent of economic reforms. Rafsanjani was at the center of a loose coalition of elites who referred to themselves as the Servants of the Reconstruction³⁶⁷. The reform plan Rafsanjani envisioned was ambitious. Not only did it involve rebuilding the oil industry and encouraging non-oil exports, it also involved increasing imports, the establishment of Free-Trade Zones, foreign investment, foreign borrowing, and the return of expatriates with technocratic skills or economic resources. Khomeini'i was more cautious in his appetite for change and seemed concerned by the ideological ramifications of Rafsanjani's program. Ideology, however, seemed to be a practical concern in this case. The degree of reform proposed by Rafsanjani threatened to

³⁶⁶ It may be argued that their partnership was instead based on political expediency. While it is true that tactical calculations figured prominently in their relationship, had the partnership been one of simple political convenience, Rafsanjani could have just as easily sided with the MRM. Indeed, in the early to mid 1980s, they seemed to be the most likely faction to come out on top.

³⁶⁷ This is reflected in Rafsanjani's first cabinet, which, Ehteshami argues, represented an effort to “place technical experts in technical posts” rather than staff the posts with clerics or other political appointees. See: Ehteshami, Nonneman and Tripp, *War and Peace in the Gulf: Domestic Politics and Regional Relations into the 1990s*, 12.

strip the Iranian system of its revolutionary character. Once that was gone, the regime would have a very difficult time legitimizing its power.

It could also be argued that Rafsanjani's reforms were beginning to threaten the interests of important political constituencies that were aligned with Khomeini's and might have ultimately shifted the balance of power in Rafsanjani's direction. Khomeini's constituency was well entrenched within the political system. It also included conservative elements of the bazaar and land-owners. They favored reforms to the extent that they stabilized the state and improved their political and economic fortunes. Rafsanjani's economic reforms, if followed to their logical conclusion, would likely have had an adverse effect on their interests. Moreover, bringing back ex-pat technocrats would have challenged their positions in the bureaucracy. Rafsanjani's constituency, on the other hand, remained something of a work in progress. Reforming the system and enticing ex-pats back to the country would provide him with new support networks.

The difference between Rafsanjani and Khomeini's on this issue is not just important in terms of their particular preferences. It suggests a difference in terms of risk acceptance and perhaps the way they weighed losses and gains. From Khomeini's conservative position, Rafsanjani's reforms would alienate important political constituencies and empower groups whose loyalty to the revolution was open to question. Perhaps like Gorbachev's reforms in the Soviet Union, they had the potential to get out of control and fundamentally change the nature of the political system. For Khomeini's and like-minded conservatives, this was probably too much of a risk especially with the economy beginning to stabilize under a more modest reform strategy. A similar

difference could be seen in terms of relations with the United States. A rapprochement with Washington would likely improve both Iran's political/military position as well as its economy. However, it would also mean giving up an important pillar of regime legitimacy. Rafsanjani appeared willing to take this risk, if the rumors are to be believed. Khomeini's clearly was not. In the end, Khomeini's won both debates. Conservatives blocked Rafsanjani's economic reforms, most notably when they forced Rafsanjani to drastically water down the reforms in his 1993 budget³⁶⁸. Relations with the US remained a taboo subject as well, at least until the end of Rafsanjani's term in office.

Rafsanjani and Khomeini's remained in a stand-off until 1997, when Muhammad Khatami replaced Rafsanjani as Iran's president. Khatami's message of regional détente and dialogue of civilizations received a great deal of attention. Indeed, his message was compared to Mikhail Gorbachev's 'new thinking' in the Soviet Union³⁶⁹. The mix of motivations in his approach, however, was not fundamentally any different than Rafsanjani's or even Khomeini's.

In 1997, geo-strategic concerns and regime security dominated the agenda as they had through the earlier part of the decade. The Abu Musa affair continued unresolved, and tensions with Bahrain remained high. Although Iran had good bilateral ties with Oman, Qatar, and Kuwait, the overall relationship with the GCC was strained. Moreover, in the aftermath of the Khobar Tower bombings, tensions between Iran and the United States had begun to rise. Due to the Iraqi situation, US military forces continued to be stationed throughout the Persian Gulf and there were rumors of a retaliatory strike being planned against Iranian military targets. These rumors seemed to be taken seriously by

³⁶⁸ Keyhan, London, FBIS-NES-93-007 (December 24, 1992): 1.

Tehran, and it has been suggested that military exercises carried out in 1996 were intended to signal Iran's intention to retaliate in the Straits of Hormuz if it was targeted by the US for military action³⁷⁰. Although a direct attack ultimately did not occur, Washington reportedly pursued retaliation through covert means, exposing a number of Iranian intelligence operatives³⁷¹. Finally, although Iraq had been side-lined by the war in Kuwait and subsequently the sanctions regime and no-fly-zones, Iran had no way of knowing how long that situation would last. Tehran had to be prepared for the eventual return of Iraq to the geo-strategic scene.

These concerns would appear to be reflected in the hierarchy of issues for the Khatami administration drawn up by Saideh Lotfian, and Iranian political scientist. She analyzed Friday prayer speeches, major speeches and policy statements, in an effort to determine what were "the primary issues in Iran's Middle eastern policies, as perceived by the leadership?" She concluded the number one issue during the 1991 -1998 period was Persian Gulf security and the promotion of ties with the littoral states of the Persian Gulf³⁷².

Despite early gains, Rafsanjani efforts to reform and to reconstruct the economy had also begun to stagnate. Oil prices were inconsistent through the end of the 1990s, and Iran's oil industry production did not expand as hoped. As noted above, oil production increased in the early 1990s. By 1993 pumping capacity had reached approximately 3.6

³⁶⁹ Ray Takeyh and Nikolas K. Gvosdev, "Pragmatism in the Midst of Iranian Turmoil," *The Washington Quarterly* vol. 27, no.4: 34.

³⁷⁰ Darius Bazargan, "Iran: The Politics, The Military and Gulf Security," *Middle East Review of International Affairs* vol. 1, no. 3 (September 1997).

³⁷¹ Barbara Slavin, "Officials: US 'outed' Iran's spies in 1997," *USA Today* (March 29, 2004): http://www.usatoday.com/news/washington/2004-03-29-sapphire-usat_x.htm

³⁷² Saideh Lotfian, "Iran's Middle East Policies under President Khatami," *The Iranian Journal of International Affairs* vol. X, no. 4 (Winter 1998-99): 426-427.

thousand barrels of oil per day³⁷³. It remained stuck at that level, however, until the end of the decade³⁷⁴. Between 1990 and 1992 the price of oil had also rebounded. The yearly average price of oil during this period was \$20.87 per barrel. It peaked briefly over \$20.00 again in 1996, but overall, the average price between 1993 and 1999 was \$16.72³⁷⁵. The situation was particularly disturbing during the 1998/9 fiscal year when oil revenue dropped by approximately 30%³⁷⁶. GDP fluctuated accordingly. Percentage growth rose from 1.8 in 1994/5 to 4.2, and then 5.0 over the following two years. It then fell to 3.2 in 1997/8 and then 0.0 in 1998/9³⁷⁷. To make matters worse for Khatami, Rafsanjani had also borrowed heavily to rebuild and jump-start the economy in the early 1990s. By 1994/5 total external debt represented 34.5% of GDP³⁷⁸. One of Khatami's main economic tasks was repaying these debts, which he had to do despite inconsistent oil revenue.

As was the case in the late 1980s, the Islamic Republic's economic problems had significant political implications. Indeed, upon his election, Muhammad Khatami's economic platform was quite vague and underdeveloped relative to his well-articulated political platform³⁷⁹. In purely economic terms, the situation may not have been as dire as it had been in the late 1980s, but politically the situation was complicated by the changing demographic nature of Iranian society. In 1996, 43% of the population was under the age of 14. This meant nearly half of the population had no personal memory of the Shah or

³⁷³ Anthony H. Cordesman, "Trends in Iran: A Graphic and Statistical Overview," Center for Strategic and International Studies (1999): 11.

³⁷⁴ See: Table 10 in "Islamic Republic of Iran: Statistical Appendix," *International Monetary Fund Staff Country Report* no. 99/37 (May 1999): 12.

³⁷⁵ History of Crude Oil Prices, http://www.ioga.com/Special/crudeoil_Hist.htm (February 14, 2008).

³⁷⁶ See: Table 26, "Islamic Republic of Iran: Statistical Appendix," 28.

³⁷⁷ Cordesman, "Trends in Iran: A Graphic and Statistical Overview," 9.

³⁷⁸ See: Table 56, "Islamic Republic of Iran: Statistical Appendix," 63.

³⁷⁹ See: Jahingir Amuzegar, "Iran Under New Management" *S AIS Review* 18, 1 (1998): 77.

the political dissatisfaction that spurred the revolution. Without this foil, it was more difficult to justify the hardships faced by the country. The country's youth also chafed against the social restrictions imposed by the regime. Although not as strict as they had been in the 1980s, the regime continued to limit contact between unmarried members of the opposite sex, and to restrict access to western movies and music, which were very much in demand. To make matters worse, these young Iranians were not only about to come of political age, they were also about to enter the job market³⁸⁰. Official unemployment was estimated at approximately 9.1% for 1996/7 and 13% for 1997/8³⁸¹. Underemployment was estimated at closer to 40%³⁸². Iran's economy was in no position to meet the new demand for jobs.

Ironically, Khatami's foreign policy has been described as a return to idealism, although of a different sort than characterized Iranian policy during the 1980s. Ramazani has described Khatami as pursuing his own conception of democratic peace³⁸³. Others within Iran have also argued that his policies were guided by an essentially liberal understanding of international politics. Similarly, within Iran, his policies have been described in terms of an idealistic liberalism, and a belief that interstate relations could be built through societal connections. "Dialogue of Civilizations" was more than just a catchy election slogan and a call for moderation. It characterized his understanding of how international politics could and should work. Nevertheless, these ideas influenced the

³⁸⁰ The youth bulge began hitting the job market early in the new millennium. In 2003, it was estimated that the economy would need to produce 900,000 jobs per year just to maintain the status quo, but could barely produce 500,000. See: International Crisis Group, "Iran: Discontent and Disarray," *Middle East Briefing* (Amman/Brussels: October 15, 2003): 3.

³⁸¹ See: Table 21, "Islamic Republic of Iran: Statistical Appendix," 23.

³⁸² Jahangir Amuzegar, "Khatami and the Iranian Economy at Mid-Term," *Middle East Journal* vol. 53, no. 4 (Autumn 1999): 543.

³⁸³ R.K. Ramazani, "The Shifting Premise of Iran's Foreign Policy: Toward a Democratic Peace?," *Middle East Journal* vol. 52, no. 2 (Spring 1998): 178-179.

means to Khatami's policies more than the ends. He was more committed to dialogue than Rafsanjani and, because he was something of a political outsider, he was relatively unconstrained. He did not have to honor a partnership with Khomeini'i, or protect entrenched political interests. If anything, he was even more risk acceptant than Rafsanjani. This was evident when in one of his first major foreign policy speeches called for dialogue with the United States³⁸⁴. Nevertheless, his goals remained consistent with the goals set after Khomeini's death. He may have wanted to use foreign policy to reinforce his reform agenda at home, but Khatami ultimately proved no less pragmatic than Rafsanjani. His reform agenda did not seek to overthrow the political system. Its goal was change within the existing constitutional system. In fact, one of the main criticisms that emerged of Khatami's presidency was that he was not radical enough, and not willing to confront conservative political forces. It soon became apparent that Khatami was not willing to put his reform agenda ahead of the day-to-day concerns of running a country.

The differences between these three leaders should not be underestimated. There was significant political competition between Khomeini'i and Rafsanjani in the period between 1992 and 1997. The competition between Khatami and conservatives such as Khomeini'i was more intense, and even led to a number of political assassinations and rumors of "creeping" conservative coups.

The competition between them, along with their differences on domestic issues, also translated into differences over foreign policy. All three used foreign policy to reinforce their domestic agendas. Perhaps just as importantly, their differences were also evident in tactics and world-views. Khatami was the most conciliatory and had a liberal

³⁸⁴ Ibid., 185.

perspective on foreign policy. Rafsanjani also saw conciliation as necessary but had a more realist vision of politics. This realism seemed to be shared by Khomeini'i, but he was less conciliatory. He also made use of ideology and revolutionary symbolism more consistently than the other two. This allowed him to maintain the legitimacy of his own position and protect his constituents from the reform agendas pursued by Khatami and Rafsanjani. Nevertheless, Khomeini'i's use of ideology seemed to be mostly instrumental. As noted above, he had a track record of compromising ideological goals when practical concerns were at stake³⁸⁵.

Despite all of these differences the three nevertheless appeared to share common ground on the question of Saudi Arabia. All three seemed to agree that the Islamic Republic needed good relations with Riyadh. Interview subjects in Tehran were unanimous on there being a strong consensus among Iran's leadership on this point. Whatever other differences they may have had, improving ties with Saudi Arabia suited all of their agendas, and allowed them to maintain the balance between competing political pressures at the domestic and the international levels. For both Rafsanjani and Khatami, better ties with the Saudis meant improved security and influence in the Persian Gulf, as well as possibly more oil income, and hopefully, an international image more conducive to foreign investment. For Khomeini'i, like the others, better relations with the Saudis were the best way to secure the country's interests in the Persian Gulf. They were also the best way to improve the economy of the country without fundamentally changing the system or risking the interests of his constituents. Increased oil revenue was could potentially paper over the country's economic problems without upsetting the political status quo.

³⁸⁵ See: Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 20 and 109.

Summary

Several conclusions can be drawn from the preceding discussion. First, while Rafsanjani, Khomeini'i, and Khatami may have differed over tactics and style, the underlying motivations for their policies toward Saudi Arabia were largely the same. Variations in accommodation can therefore not be explained in terms of changing regime motivations. Motivations remained essentially the same but accommodation varied, particularly in its behavioral forms. Substantive accommodation may have been most pronounced under Muhammad Khatami. However, rather than "new thinking" this was the culmination of a process that had begun almost ten years earlier. As will be discussed in more detail in the context of permissive factors, the domestic obstacles to a pragmatic Saudi policy were gradually worn down over the course of the 1990s.

Secondly, the regime faced significant threats to the security of the nation and to the regime. The regime was not facing the same type of decline that it was in the late 1980s. Indeed, the situation both internally and externally had stabilized to a significant degree. Nevertheless, the regime's main focus was on avoiding further losses or, at best, recouping what had been lost in the previous decade. Externally, Iran did make some progress. Not only had Iran been able to regain occupied territory and rest concessions from Baghdad during the Kuwait crisis, Iraq's military had been crippled and remained pinned down within its own borders. The downside, of course, was that the US had greatly increased its military presence within the region and had demonstrated its commitment to protecting its strategic interests in the Persian Gulf. Moreover, from 1994 on, Washington maintained a formal policy of dual containment designed to keep Iran as

well as Iraq isolated in the region. These developments balanced-off the gains made by having Iraq weakened and ensured that Iran remained in weak position. Domestically, the regime continued to wrestle with economic and political problems. Iran's economic planning throughout the decade was devoted to repairing the damage of the war. As discussed above, the results of their efforts was middling at best. Politically, the dramatic emergence of the reform movement was indicative of growing dissatisfaction among the population. This dissatisfaction was a product of the country's economic malaise, government inefficiency and corruption, as well as the coming of age of the first post-revolutionary generation. Dealing with this growing problem became one of the defining themes in Iranian politics. Muhammad Khatami tried to channel the dissatisfaction within the existing constitutional framework. More conservative elements within the regime feared that even Khatami's modest reforms would eventually undermine the entire political system. They maneuvered to preserve the status quo and block Khatami's initiatives. Rafsanjani, who had tried during his tenure as president to quell dissatisfaction by rebuilding the economy, employed the same strategy in the 1980s. He staked out the middle ground.

B. Stimulus Factors

There are a number of factors that could potentially have acted as stimuli for changes in the nature of Iran's accommodative policies toward Saudi Arabia. They can be divided in terms of the levels of analysis. First, Iranian policy may have been impacted by regional crises or changes in the regional balance of power. Although motivations may have remained relatively stable, other types of domestic developments may have been a

factor. Political infighting may have distorted the implementation of policy or changes in leadership may have given rise to new strategic or tactical thinking. Finally, at the bilateral level, the dynamics of accommodation may have varied with changes in Saudi reciprocity.

The analysis to follow will suggest that all of these factors played some role in shaping the dynamics of accommodation, but the primary stimulus was changes in Saudi reciprocity, either real or anticipated. Iran pursued a consistent policy of accommodation when they were either satisfied with the compromises the Saudis made, or were confident that the Saudis would be willing to make satisfactory concessions in the future. When they were not satisfied with the Saudi reactions to their overtures and believed the Saudis would not reciprocate in the future, the Iranians reverted to a mixed policy, combining accommodation with assertiveness. Instead, factors at the domestic and regional levels played a permissive role in shaping Iranian behavior. They influenced the dynamics of accommodation in that they provided the Islamic Republic with different options when they assessed the degree of Saudi reciprocity.

The Bilateral Level

The importance of reciprocity could be seen right from the start of the accommodative process. Anticipated reciprocity was an essential permissive condition for the initiation of accommodation in November 1988 and Iranian spokesman explicitly stated that Iranian friendship would be contingent on Saudi actions. As discussed in the previous section, the Saudis made several clear statements that they were prepared to compromise with the Iranians in order to achieve a less adversarial relationship. However,

discussions faltered because, from the Iranian perspective, the Saudis were not willing or able to address Iran's main concerns. After pressuring the Iraqis to accept the UN ceasefire, Riyadh returned to backing the Iraqi position in negotiations and resumed its efforts to keep Iran isolated. They also refused to lower OPEC production ceilings, raise Iran's individual quota, or at least keep Iran's quota higher than that of Iraq. Finally, Riyadh insisted on imposing a strict limit on the number of Iranian pilgrims attending the Hajj and banned Iran's controversial political ceremonies. This did not give Tehran much incentive to make concessions. The Saudi demands for confidence building appeared to be open-ended, and the hard-line taken by Riyadh in 1988/89 did not suggest they would be any more responsive in the future. Moreover, Riyadh's intransigence left Rafsanjani vulnerable at home if he continued to maintain a strictly accommodative position. Perhaps more importantly, it made it difficult, if not impossible, to silence the radical press, which continued to criticize the Saudi kingdom, particularly on the Hajj issue. This, of course, only hardened the Saudi position further.

The beginning of the second phase also corresponds to a change in Saudi reciprocity. The stable implementation of Iran's "Good Neighbor" policy began with Saudi Arabia's response to Iranian neutrality during the Kuwait crisis. As discussed in earlier pages, from that point until the summer of 1992, Iran's policy toward Saudi Arabia consisted of behavioral accommodation with some slight elements of substantive accommodation thrown in for good measure. It might be tempting to argue that the crisis played the role of stimulus. Iranian-Saudi accommodation was in fact a spin-off of the conflict in Kuwait. However, Tehran's response to the crisis was not specifically a gesture toward the Saudis but a pragmatic response to the prospect of Iraq controlling

Kuwait as well as the build-up of US forces³⁸⁶. Tehran was able to extract concessions from Iraq and avoid making itself a target for the building international coalition. Iran chose this course even while relations with the Saudis were tense and did not make its continuation of the policy contingent on the Saudis' reaction. Indeed, the Saudi reaction was initially cool but Iran held its course. Iranian policy toward Saudi Arabia occurred only once the Saudis recognized Iran's "positive" behavior and re-opened talks concerning Iranian grievances³⁸⁷.

The deterioration in Iranian accommodation that began in 1992 can also be linked to changes in Saudi reciprocity. The 6+2 agreement was interpreted in Tehran as an anti-Iranian alliance³⁸⁸. Although it quickly came undone, it was replaced by a series of bilateral agreements with western powers that confirmed that the Saudi understanding of regional security needs was at odds with the Iranian conception. This signal was reinforced late in December of 1992, when the Saudis and the GCC sided with the United Arab Emirates in the Abu Musa dispute. As noted above, the dispute began in April but seemed to easing. The GCC statement following the December summit was interpreted as a sign of hostility³⁸⁹. This perception was reinforced by subsequent GCC statements that backed the UAE and condemned Iran's policy toward the islands³⁹⁰.

³⁸⁶ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 112.

³⁸⁷ If the focus of the analysis was Saudi Arabia rather than Iran, then one could argue that the stimulus for the change in their policy was the crisis. The crisis caused Riyadh to reconsider its policy toward Tehran's "Good Neighbour" policy. Indeed, if the unit of analysis was the rivalry dyad, the crisis could again be argued to play the role of stimulus. The question would then be, "why did the relationship between the two states improve?", and the answer would be that the crisis created a convergence in policy between them that allowed accommodation to proceed in a sustained way. However, because the focus is on Tehran's policy, it is the change in Saudi reciprocity that stands out as the stimulus.

³⁸⁸ Gause, "The Illogic of Dual Containment," 134-143.

³⁸⁹ Pirouz Mojtahed-Zadeh describes the statement as "a naked attack, from the Iranian point of view," See: Mojtahed-Zadeh, "The Issue of the UAE Claims to Tunbs and Abu Musa vis-a-vis Arab-Iranian Relations in the Persian Gulf," 620.

³⁹⁰ Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 134.

Iran's dissatisfaction with Saudi reciprocity could be seen in other dimensions of Iranian-Saudi relations. Although Iranian pilgrims returned to the Hajj in 1991, they did so with significant restrictions. These restrictions were continued into 1993. After Tehran complained that year, Riyadh made further cuts to Iran's pilgrimage quota in 1994 and barred demonstrations completely. The quota was raised slightly in 1995 but the ban on demonstrations remained in place. This left Iranian pilgrims facing essentially the same restrictions they had faced in 1988 when Tehran broke off diplomatic relations with Riyadh. Although Tehran continued to comply with Saudi regulations, they could not have been satisfied. In OPEC, the same pattern prevailed. After backing off on its demands in 1990 and 1991, Tehran remained dissatisfied with its quota, OPEC pricing strategy and Saudi production levels³⁹¹.

The next change in Iranian policy also corresponds to a change in Saudi reciprocity. The period of Dialogue and Détente (1997) began with the Saudis approaching Iran in an effort to improve relations and inviting Rafsanjani to the Kingdom for talks. Although those talks did not produce immediate concessions on every issue, the Saudis expressed a desire to address all of the outstanding impediments to better relations. These meetings therefore gave Tehran reason to anticipate reciprocity in the future. This promise was backed up by high-profile diplomatic exchanges. It was also reinforced by the change in Saudi Arabia's position on the Abu Musa dispute. Much to Sharjah's displeasure, Riyadh began to play the issue down in the interest of better regional relations. Moreover, Riyadh also deflected American pressure by clearing Iran in its Khobar Tower investigation, even though Washington remained convinced that Tehran had a

³⁹¹ Chubin and Tripp, "Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf," 68.

hand in the bombing. Iran's pilgrimage quota was also raised and restrictions on political demonstrations eased.

Some issues were not addressed immediately, however. Oil prices remained low and the two states remained far apart on OPEC strategy. However, this issue was not enough to undermine Tehran's confidence in the Saudi commitment to improve relations. Moreover, as the Asian currency crash drove the price of oil through the floor, there was little Saudi Arabia could do at the time. As oil prices began to rebound, Iran's patience was rewarded by concessions on quota issues as well as the implementation of the price-band mechanism. Similarly, Iran was more willing to tolerate the presence of the US military in the Persian Gulf. Iran had received reciprocity on security issues, as discussed above, and was less isolated vis-à-vis the littoral Arab states. Moreover, the American presence benefited Iran by keeping the Iraqi military pinned down and Saddam weak. In the words of former deputy Foreign Minister Abbas Maleki, the US and Iran had been in a "de facto alliance"³⁹². Perhaps just as importantly, there appeared to be a realization that demanding a US withdrawal was unrealistic. Even though Iran continued to claim that the presence of western powers was destabilizing, with other forms of reciprocity in evidence, Iran was prepared to be patient on this issue as well³⁹³.

Before exploring alternative explanations, there are several issues with reciprocity that require further discussion. First, reciprocity in some issue areas seemed to be more important than others. As discussed in earlier pages, the mix of motivations in Iranian decision-making remained consistent across the entire time period under investigation.

³⁹² Author's interview, Tehran, December 2001.

³⁹³ In an interview conducted on December 2 of 2001, Dr. Ahmad Hamadi of the University of Tehran suggested that Iran was adopting an incremental approach to security issues. Smaller issues would be dealt with first, and then larger issues such as the presence of US troops might be addressed later.

National and regime security were the dominant concerns for Iran's leadership and this hierarchy was reflected in the way Iran reacted to Saudi reciprocity. By comparing what Iran was offered by the Saudis at different times, and how Iran responded, it is possible to detect a pattern of preferences. The most important issue for Iran appeared to be national security, in particular, its isolation in the Persian Gulf.

It is difficult to draw conclusions based on Iranian behavior in 1989 alone. Saudi Arabia did not seem, at least in public, to be offering much in any issue area, so it is difficult to say which area was of most concern to Tehran. In 1991, though, the most significant pay-off for Tehran was in terms of its regional position. Initially, Riyadh recognized Iran's "positive" role in the crisis and increased diplomatic contact. This was not important only in terms of Saudi relations. The other members of the GCC had also made it clear that their relations with Iran were contingent on Tehran improving its relations with Riyadh. Given the importance of regional position in the decision to initiate accommodation, this was a significant incentive for Iran. At the same time, Iran did not receive significant consideration in OPEC. In fact, the Iranians seemed to bend more to the Saudi position on OPEC strategy. At the Hajj, Iran also accepted restrictions on demonstrations and quotas on the number of pilgrims. Relative to the 1984 to 1987 period, Iran accepted a reduction of more than 30% in the number of Iranians allowed to make the pilgrimage³⁹⁴.

Significantly, the first signs of trouble in the relationship did not involve either of these issues. Rather, problems first appeared in terms of regional security arrangements. In March 1991, Tehran objected to the 6+2 agreement, interpreting it as an anti-Iranian

alliance. The 6+2 agreement quickly collapsed, but Tehran was no less disappointed by its replacement, a series of bilateral security deals signed between GCC states and Western powers. The final blow to the rapprochement, of course, also involved Iran's position in the Persian Gulf. Tehran interpreted the Abu Musa crisis as a further effort to keep the Islamic Republic isolated in the Persian Gulf.

A similar pattern emerged during the fourth phase of accommodation (1997-2005). Iran was willing to wait approximately two years before it received concessions in OPEC and Saudi Arabia continued to maintain restrictions on Iranian pilgrims, although primarily in terms of demonstrations. Where Iran received an immediate return was in terms of regional security issues. In addition to improving diplomatic ties, the Saudis effectively dropped the Abu Musa issue and cleared Tehran in the Khobar bombing case³⁹⁵. This was enough for Iran to switch from a mixed policy to one that was consistently accommodative.

Overall, Iran's reactions suggest that reciprocity was judged first in terms of regional security issues. Iran was willing to make concessions and/or be patient on the other questions. That is not to say that these issues were not important. Simply, Tehran appeared to give priority to political/military concerns in the Persian Gulf.

When discussing the initiation of accommodation, it was important to examine reciprocity in terms of expectations. In making the decision to begin a new policy, what

³⁹⁴ This estimate is based on statistics found in: Chubin and Tripp, "Iran-Saudi Arabia Relations and Regional Order Iran and Saudi Arabia in the Balance of Power in the Gulf," 54-55. See also: Kramer, "Khomeini's Messengers in Mecca: Arab Awakening and Islamic Revival".

³⁹⁵ Significantly, Riyadh was willing to alienate both the United States and the UAE at the time. The UAE was concerned that Saudi Arabia's willingness to drop the issue would undermine their claim on the Islands. See: Gwen Okruhlik, "Saudi-Iranian Relations: External Rapprochement and Internal Consolidation," *Middle East Policy Council* vol. 10, issue 2 (Summer 2003). The Americans were frustrated because the Saudis were obstructing their ability to punish the responsible parties. See: Pollack, *The Persian Puzzle: The Conflict between Iran and America*, 283.

was important was the reciprocity that Iran anticipated. In discussing the dynamics of accommodation, expectations also appear to remain important. Actual reciprocity was important but Iran seemed to also make its calculations with an eye toward what they would receive in the future. As discussed above, when Tehran upgraded its accommodation in both 1991 and 1997, it did not receive concessions on all of its demands immediately. Even on regional security issues, reciprocity was only partial. Iran was therefore willing to place at least some trust in Riyadh's intention to make further concessions at a later date. This was most evident in 1997. Many issues took time to deal with; OPEC, for instance, took two years. However, the initial meetings in Saudi Arabia removed "almost all obstacles" to better relations³⁹⁶. This suggests that even if the specifics could not be dealt with immediately, there was an expectation that they would be dealt with eventually. Interviews suggested that Tehran accepted that progress on security issues would be incremental: smaller issues first, larger issues later.³⁹⁷ Logically then, when Iran downgraded its accommodation, future reciprocity was also part of the calculation. Not only was Tehran dissatisfied with the reciprocity it was receiving at the time but had also likely decided that concessions would not improve sufficiently in the future.

³⁹⁶ Author's interview with Dr. Mahmood Vaezi, Deputy of Foreign Policies and International Relations, Center For Strategic Research (also former Deputy Foreign Minister, 1987-1999) at Center For Strategic Research, Tehran, December 10, 2001.

³⁹⁷ Author's interview with Dr. Hamid Ahmadi, Professor, University of Tehran, Institute for Strategic Studies of the Middle East, at Institute for the Strategic Studies of the Middle East, Tehran, December 2, 2001.

The Regional Level

Other factors may potentially have played a stimulus role in the changing dynamics of Iranian accommodation. First, it may be tempting to explain variations in Iranian policy in terms of regional crises. The Kuwait crisis as well as the Abu Musa crisis coincided closely with changes in Iranian policy. The bombing of the Khobar Towers has also been linked to changes in Iranian-Saudi relations³⁹⁸. The onset of regional crises, however, does not provide as convincing an explanation as variations in reciprocity. First of all, as discussed above, Iranian policy toward Saudi Arabia did not change as a result of the Kuwait crisis. Speaking specifically in terms of Iranian policy, Tehran became more accommodating toward Saudi Arabia only once Riyadh demonstrated a willingness to reciprocate Iranian concessions. The crisis may have played the role of stimulus in terms of Saudi behavior, but not for Iran. The Abu Musa crisis would also appear to have been more a symptom of deteriorating relations than a cause. The two Iranian acts that Riyadh objected to took place in April and August of 1992 respectively³⁹⁹. The Saudis did not condemn Iranian behavior until December, shortly after the dispute with Qatar in which Tehran took sides against Riyadh. The Abu Musa issue was also conveniently put aside by Riyadh in 1997 when they decided that relations with Iran needed to improve. It is hard to argue that the crisis was enough to derail Iranian-Saudi relations in 1992 when the issue was not enough to prevent the rapprochement in 1997. Finally, the Khobar bombings created tensions in the Persian

³⁹⁸ Pollack suggests that US economic pressure and the threat of American military retaliation curbed Iranian behaviour. See: Pollack, 299.

³⁹⁹ Marschall argues that the issue “received little notice until Saudi Arabia, Kuwait and the Emirates directed their official press to give it attention”. See: Marschall, 122. For a description of the specific events and issue involved in the dispute, which is too complex to examine here, see: Marschall, 121-131. See also: Mojtahed-Zadeh, “The Issue of the UAE Claims to Tunbs and Abu Musa vis-a-vis Arab-Iranian Relations in the Persian Gulf,” 602-626.

Gulf, but regionally the impact was not as great as either of the two earlier crises. Moreover, the change in Iranian policy corresponds much more closely to Saudi overtures than growing tensions with the US.

Variations in Iranian policy might also be explained in terms of changes in its regional position. Iran may have been more accommodative towards Saudi Arabia when its position was in decline and less so when it felt stronger. Indeed, the Abu Musa dispute occurred at a time when Iran was widely seen as the main beneficiary of Iraq's defeat in Kuwait. With Saddam Hussein boxed in by the United States, and relations improving with most of the GCC, Iran's position had improved considerably relative to 1988. Positional change, however, does not explain the adoption of a more consistent accommodation in 1991, when Iran was suddenly in a much stronger position. Neither does it explain the start of the more successful period of accommodation in 1997. Although the US was looking more threatening after the Khobar Tower bombing, it was the Saudis who took the initiative, not Iran. Regional position was a key consideration in the initiation of accommodation and undoubtedly it remained a factor to Iranian decision makers. However, as will be discussed in the pages below, its impact on the dynamics of accommodation would appear to be as a factor in the permissive environment.

Domestic Politics

It might also be argued that the stimuli for changes in Iranian accommodation could be found at the domestic level. Rather than Saudi reciprocity, Iranian policy might have varied with changes in the factional landscape of Iranian politics. This type of explanation would argue that the collapse of Rafsanjani's "Good Neighbor policy" was a

function of growing friction between Rafsanjani and Khomeini'i. A domestic politics approach would also look to the election of Muhammad Khatami to explain the stability of Iranian accommodation after 1997 as well as the general moderation in Iranian foreign policy. There are several problems with this analysis, however. Rafsanjani's approach to Saudi Arabia and the Persian Gulf did run into criticism towards the end of 1992. There were also periods where his criticisms of Saudi Arabia appeared to be more muted than that of Khomeini'i' and other conservatives. Indeed, during the Abu Musa crisis as well as in regard to disputes over the Hajj, Rafsanjani may have had to criticize Riyadh to keep from being outflanked by domestic competitors. Nevertheless, as noted in earlier pages, there appeared to be a consensus among Iran's key elite –including Khomeini'i- that relations with Saudi Arabia needed to be improved. To the extent that there was a difference between them, it concerned how patiently they would wait for Saudi reciprocity. This is not an insignificant difference but, to the extent it influenced changes in policy, it was still important only in relation to Saudi reciprocity. It is therefore, a factor best considered as a permissive condition.

Similarly, the election of Muhammad Khatami cannot be counted as a stimulus for the last period of accommodation. It was the Saudis who approached the Iranians and, what is more, they did so before Khatami was elected. As noted above, there was a consensus among Iran's elite on the issue of accommodation. Khatami's patience and personal style may have played a significant role in making the policy work, but the course of Iranian policy toward Saudi Arabia did not change because of his election. As was the case above, these are factors best considered under permissive conditions.

At the domestic level, one could alternatively look to economics for the explanation of Iranian policy changes. The ups-and-downs of Iran's economy, however, simply do not correspond to changes in policy toward Saudi Arabia. Iran's economy did not significantly improve or deteriorate in 1991. Conditions had eased by 1993, which may have meant that Tehran had less use for accommodating Riyadh. That short upturn had dissipated by 1997, which might account for the policy of "dialogue and détente". However, economic conditions continued to vary through 2001. Oil prices continued to drop through the end of the 1990s and Iran's economy dropped with them. After 2000, prices increased and Iran's economy improved commensurately. Iranian accommodation, however, remained consistent.

Summary

Based on the analysis above, Saudi reciprocity would appear to have acted as the stimulus for changes in the nature of Iranian accommodation. Iranian accommodation became more consistent when Saudi Arabia was willing to satisfy key demands and less consistent when they were not. This relationship was noted at all of the key turning points: 1989, 1991, late 1992, and 1997. Changes in Iranian policy did not correlate well with other potential factors. Regional crises, particularly the Kuwait crisis, appeared to mark turning points in Persian Gulf politics but there was not a consistent, direct relationship with Iranian policy in the same way as there was with reciprocity. The Kuwait crisis had an indirect influence on Iranian accommodation. The crisis played its role by influencing Saudi reciprocity, which in turn elicited a response from Iran. Although this is not insignificant, other crises did not appear to play the same role. The

Abu Musa crisis, for example, occurred after relations began to deteriorate and appeared to be more a symptom of policy change than a cause. Domestic politics were also considered but changes in the country's economic and political conditions did not match up well with changes in foreign policy. As will be discussed in the next section, the domestic environment appeared to act primarily as a permissive factor.

The key issue among those being contested appeared to be regional security arrangements -specifically, Iran's isolation in the Persian Gulf. When Iran received concessions on this issue in 1991 and 1997, they upgraded accommodation. When Tehran was not satisfied with Saudi policy in this regard, accommodation was mixed with assertiveness. Other concerns remained important to Tehran. However, its behavior did not appear to be as sensitive to changes in Saudi reciprocity on pilgrimage issues or OPEC policy. Finally, anticipation appeared to play an important role in Iranian calculations. Particularly in 1997, Iran appeared to be willing to forego some immediate gratification because it was satisfied by Saudi promises. Significantly, Iran appeared to be most patient on OPEC issues. Tehran would wait approximately two years before it received concessions on oil pricing or quotas.

C. Permissive Factors

Although Tehran appeared to change its approach to accommodation in response to changes in Saudi reciprocity, why they reacted in the way they did remains to be explained. To account for how Iran adjusted its policies of accommodation, it is necessary to examine the role of permissive factors. Because the pattern of Iranian policy is complex, the most efficient way to approach this problem is not by simply examining the

permissive factors at work at each level of analysis. Rather, it is better to start by asking specific questions about the dynamics of Iranian behavior and then looking for the particular permissive factors involved. The first question involves Iran's sensitivity to different levels of reciprocity. At no time did Iran receive everything it wanted. Even when the relationship was at strongest and the Saudis were reciprocating Iranian accommodation, Tehran still had to make concessions to Saudi Arabia. Why then, was one degree of reciprocity acceptable to Tehran, and another not? Specifically, why was Tehran willing to limit its demands during the 1997 to 2005 period but not before? Secondly, what explains how Iran reacted when Saudi reciprocity was less than satisfactory? Iran's response was to reduce the level of consistency in its policy, mixing accommodation with a degree of assertiveness. Why did Tehran not simply return to the old adversarial policy of the 1980s? Thirdly, when Iran was fairly satisfied with Saudi reciprocity, what explains the types of policies pursued? Specifically, why did Iran pursue substantive accommodation in some cases, but only behavioral accommodation in others? Fourthly, this section will explore the impact of factional politics on the implementation of policy. Although this is a more general question than the first three, the literature on Iranian foreign policy frequently points to the importance of domestic political competition as a factor in foreign policy making. Therefore, it is an issue that needs to be addressed. Fifthly, the American role in shaping Iranian policy will be considered. Although Washington did not play a mediating role in the rivalry, the US did figure prominently in Iranian calculations. Finally, the relative weight of permissive factors from different levels of analysis will be examined. Specifically, the impact of domestic factors versus international factors will be examined.

Saudi Reciprocity and Iranian Demands

It is not difficult to understand why Iran rejected Saudi reciprocity in the period prior to the invasion of Kuwait. The Saudis simply were not offering very much besides inconclusive dialogue. It was clear that Riyadh continued to distrust Iran and considered the Islamic Republic an acute threat. Consequently, Saudi Arabia pressured Iraq to accept Resolution 598, but then supported Baghdad in the ceasefire negotiations. They also continued to hold a firm line in OPEC and on Iranian pilgrims. In the summer of 1991, Iran did change its behavior but the change seemed to be more in response to what was anticipated than in what was actually delivered. Riyadh upgraded diplomatic relations, expressed a willingness to discuss security issues and OPEC strategy. Iran's quota at the Hajj was also raised and they were allowed to perform one anti-western demonstration. By the latter half of 1992 the limits of Saudi reciprocity had become apparent. Little was offered in OPEC and Riyadh looked to outside powers to ensure Persian Gulf security. Consequently, Iranian behavior once more slipped into a mixed pattern.

The 1997 shift in Iranian policy, however, was different, and more analytically interesting. Not only was this period of accommodation stable over a longer period of time, Tehran was willing to be more flexible than at it had been 1993 and, even perhaps 1988-1991. In 1997, the Saudis made concessions on some regional security issues, such as regional dialogue and the Abu Musa dispute. The Saudis also agreed to attend the OIC meeting that year in Tehran. This not only signaled a thaw in diplomatic relations, it gave the Islamic Republic and its interpretation of Islam more legitimacy in the Islamic world. The Saudis also absolved Iran of the Khobar Tower bombing, which may or may not have

been intended as a concession to the Iranian government. However, Riyadh still was not meeting Iranian demands in OPEC and maintained restrictions on Iranian pilgrims at the Hajj. Most importantly, the Saudis continued to maintain their security alliance with the United States, which involved American military force remaining in the Persian Gulf.

To an extent this flexibility can be explained in terms of Saudi reassurances. As discussed above, it would appear that in 1997 credible promises were made to Rafsanjani concerning future Saudi behavior. However, this is only a partial explanation. It is extremely unlikely that the Saudis made any promises concerning the nature of their relationship with the United States and, if they had, they would have been hard to believe. Also, while the Saudis increased Iran's Hajj quota, restrictions on demonstrations had become a fixed aspect of their policy. Furthermore, while the Saudis may have promised future concessions in OPEC, it was several years before Tehran received anything particularly significant. At the very least, Tehran was far more patient with Saudi promises and far more willing to wait for reciprocity than it had been in the latter part of 1992.

Tehran's flexibility in 1997 can be more completely understood in terms of a cost-benefit analysis of permissive factors. First of all, it was not likely that Iran would be able to force the Saudis into making further concessions through escalating their rivalry. The Saudi-American military arrangement had taken on an air of permanence by the late 1990s and, given Saddam Hussein's stubborn hold on Iraq, the United States had no intention to move its troops out of the region. Indeed, after the Khobar Tower bombing, it was all the Saudis could do to deflect Washington from launching military reprisals, let alone abandoning the Persian Gulf. As discussed above, according to interviews

conducted in 2001, Tehran had accepted that there was nothing they could do about the American military presence⁴⁰⁰.

Similarly, there was little the Iranians could hope to accomplish by pressuring the Saudis in OPEC. World oil prices were declining. The price had fallen from over \$23/barrel at the end of 1996 to a low of just under \$10/barrel at the end of 1998⁴⁰¹. There was little the Saudis could do about slumping demand or the Asian currency crisis that precipitated this price collapse. Moreover, Riyadh had its own economic problems to address. With its rentier-style political system, the Saudi royal family provides jobs and services to its citizens in exchange for a degree of political acquiescence. Moreover, Riyadh provided approximately \$26 billion to help support the Iraqi military in the 1980s and then a further \$55 billion to pay for Iraq's defeat during the Kuwait crisis. Consequently, Riyadh had been running deficits since 1983. After adding the cost of Riyadh's own military build-up during the 1990s, the state's domestic debt was approaching 100% of GDP by the end of the decade. The budget deficit for 1998 alone approached 11% of GDP. This forced a modicum of fiscal responsibility on the government but the al-Saud did not have a great deal of wiggle room. With 65% of the budget devoted to government salaries and paying the national debt, substantive cuts in spending were not a political option⁴⁰². With oil prices low, and the Saudis desperately needing to maintain their share of production, there was not much the Iranians could expect on this issue.

⁴⁰⁰ Author's interview with Dr. Hamid Ahmadi, Professor, University of Tehran, Institute for Strategic Studies of the Middle East, at Institute for the Strategic Studies of the Middle East, Tehran, December 2, 2001.

⁴⁰¹ "Chronology of Oil Prices," http://www.eia.doe.gov/pub/oil_gas/petroleum/data_publications/petroleum_marketing_monthly/current/txt/tables01.txt (accessed February 2, 2005).

⁴⁰² F. Gregory Gause, "Saudi Arabia Over a Barrel," *Foreign Affairs* vol. 79, no. 3 (May/June 2000): 82-84.

Secondly, it is also important to consider that, while Iran faced a number of serious problems, its situation had stabilized to a degree. This is particularly true in the Persian Gulf. While the US presence in the Persian Gulf locked the Islamic Republic into a subordinate position, it also neutralized what had been the primary threat to Iranian security -Saddam Hussein's Iraq. Iran also regained the territory it had lost and received concessions from Baghdad on its war demands, including the border demarcation along the thalweg of the Shatt al-Arab. Moreover, over time it became evident that the US military presence did not create an unmanageable threat to Iranian security. The build-up of US forces in the Persian Gulf did not necessarily signal an imminent military attack and the two states appeared capable of avoiding confrontations even in such a confined area. Iranian commentators had complained that the American presence emboldened the GCC states and made them intransigent, if not assertive, towards the Islamic Republic. However, after the Saudis reached out to Iran in Pakistan, these concerns were eased. Even with the US military presence, Tehran was able to reengage not only with the Saudis but also Bahrain and the UAE. Even if everybody did not share Abbas Maleki's opinion that there was a *de facto* alliance between Iran and America in the Persian Gulf, after the initial meetings with the Saudis, the situation with the US military was at least tolerable.

At home, the situation was mixed. The regime did not face the type of acute economic crisis that would force it into a confrontation with Saudi Arabia. Oil prices in 1996 had risen steadily from approximately \$17/barrel in January to just over \$23/barrel

by December and remained over \$20/barrel until February 1997⁴⁰³. This gave the economy a bit of a cushion. Nevertheless, there were long-term concerns about integrating the youth into the political and economic system. According to official estimates, unemployment had risen by approximately 4% in the preceding year and, given the demographic bulge in Iranian society, the situation had the potential to become much worse.⁴⁰⁴ For these economic reasons, and the restrictive nature of the regime's social policy, there was already growing discontent among the youth, which was attested for by Muhammad Khatami's election on a platform of reform. In conjunction, these two points are consistent with Iranian behavior. On the one hand, Tehran needed a better deal in OPEC. On the other, Tehran could afford to wait while accommodation produced results.

Due to these considerations, the regime was willing to accept the trade-offs inherent in the post-1997 accommodation. The situation in 1993 was somewhat different. First of all, the structure of regional security arrangements was still in flux. The defeat of the Iraqi military removed the only regional-based check on Iranian power and there were concerns about the long-term stability of Saudi Arabia and the other GCC states if the United States military remained encamped on their territory. No one was therefore quite sure how the new balance of power in the Persian Gulf would operate, and there was widespread commentary suggesting that Iran was emerging as the big geo-strategic winner or, at the very least, it should be incorporated into any new security

⁴⁰³ "Chronology of Oil Prices,"

http://www.eia.doe.gov/pub/oil_gas/petroleum/data_publications/petroleum_marketing_monthly/current/txt/tables01.txt (accessed February 2, 2005).

⁴⁰⁴ In 1999, it was estimated that the Iranian economy would have to generate 720,000 to 850,000 jobs per year for 20 years just to maintain the current rate of unemployment. See: Amuzegar, "Khatami and the Iranian Economy at Mid-Term," 550.

arrangements⁴⁰⁵. The failure of the 6+2 agreement in the face of Iranian criticism would have only reinforced this perception⁴⁰⁶. This situation was not lost on the editors of several conservative Iranian newspapers that criticized the Rafsanjani administration for not pressing its advantage⁴⁰⁷.

As was the case in 1997, the domestic situation in 1993 was somewhat mixed. The country was still digging out from under the damage of its own war with Iraq, and government spending was generating significant external debt for the first time since the revolution. Nevertheless, the price of oil was driven up by the Kuwait crisis and international borrowing was generating some economic growth. Therefore, the economy appeared to be in recovery mode, and the regime was likely feeling a bit more confident at home. In the long term, this strategy led to inflation, and left the country dangerously in debt but it did create a period of relative stability between 1992 and 1994.

There are two points that come out of this. First, Iran's calculations were based primarily on external conditions, specifically security conditions in the Persian Gulf. In this regard there were significant differences between the situations in 1993 and 1997. The domestic situations, however, were relatively similar from one time period to the next. There was no threat of an immediate crisis in either period, but there were long-term concerns about stability. Second, expectations would appear to have played a large role in

⁴⁰⁵ During the crisis, the Qatari Foreign Minister argued that Iran had a role to play in the area's security, suggesting some type of relationship with the GCC was in order. Moreover, when the Syrians met with the Iranians at the outset of the crisis, they justified their role in the coalition by assuring Tehran that the Americans would leave the Persian Gulf as soon as Saddam was forced out of Kuwait. With these comments in mind, and Saddam's military defeated in Kuwait, the immediate future must have looked very promising in Tehran. See: Anwar Gargash "Iran, the GCC States and the UAE: Prospects and Challenges in the Coming Decade" in al-Suwaidi, *Iran and the Gulf: A Search for Stability*, 145. See also: Ehteshami and Hinnebusch, *Syria and Iran: Middle Powers in a Penetrated Regional System*, 107.

⁴⁰⁶ The failure of the 6+2 agreement was likely the result of multiple factors, including GCC fears that its new allies would have too much influence over them. Nevertheless, Iranian criticism was likely an

shaping decisions. After the Kuwait crisis the situation in the Persian Gulf was relatively fluid. In fact, the situation was unprecedented. The US had expanded its presence beyond what many had thought possible and Saddam Hussein, the former strong-man of the region, seemed to be barely hanging on to power under a crippling sanctions regime. How this was going to play out was anyone's guess at the end of 1992. By 1997, however, the situation had seemed essentially frozen. Saddam was not going anywhere, and neither were the Americans. Decision-makers in Tehran seemed to understand this and adjusted their demands accordingly.

Iranian Responses to Saudi Reciprocity

Once Iran had made the decision to downgrade the level of its accommodation, permissive factors also shaped the choice of a mixed type of policy rather than a more assertive, adversarial approach. Even when relations were at their worst, Tehran maintained some restraint in its policies toward the al-Saud and relations between the two countries never regressed to their pre-1989 levels. The most important permissive factors in this regard were geo-strategic considerations at the regional level. As discussed with regard to initiation, the balance of power in the Persian Gulf was one of the key factors pushing Iran towards accommodation in 1988. Prior to the invasion of Kuwait, Iran was not in a position to intimidate its neighbors due to the combination of Iraqi and American military power as well as GCC solidarity. After Kuwait, Iraq was out of the picture but the US more than made up for its absence. In 1992 there was still some ambiguity in the regional order, as discussed above, but a full return to the belligerence of the 1980s was

important component and, for what ever reason it failed, it left the GCC looking vulnerable for a period. See: Furtig, "Iran's Rivalry with Saudi Arabia Between the Gulf Wars," 108.

out of the question. As the decade wore on, this order only became more firmly established.

As was also discussed above, while the regional balance of power was constraining Iran, it was also not forcing Tehran to act drastically. In large part, this was because the war with Iraq was over and, after Kuwait, largely on Iranian terms. This not only made the status quo more bearable, it also removed one of the most contentious issues in the Iranian-Saudi rivalry. This was reinforced by the uneasy truce that developed between Iran and the US. While it may not have been a “de facto alliance”, it remained a manageable situation.

Ironically, Iran was also constrained by its own success, at least to a degree. The diplomatic opening of 1991 had not achieved everything the Islamic Republic had wanted but it had produced some dividends. First of all, it allowed the government to negotiate the return of Iranian pilgrims to the Hajj. This was an issue that was intrinsically important to the leadership. It was also important symbolically. It would have been extremely embarrassing to Rafsanjani and Khomeini’i if they failed to protect this right, particularly in 1992/93 when they still faced opposition from the MRM-affiliated clergy. For Rafsanjani as well, it would have been a tremendous blow to his “Good Neighbor” approach to regional relations.

Tehran had also been able to make strides with other members of the GCC, Kuwait in particular. As discussed in earlier pages, these states made correct relations with Saudi Arabia a precondition for relations with them. Had Iranian-Saudi relations slipped back into their pre-1989 pattern, this gain would have been threatened as well. Finally, even if relations with Saudi Arabia had stalled, they had made a step forward

⁴⁰⁷ Voice of the Islamic Republic, First Program Network (Tehran), 25 March 1993, in FBIS-NES-93-056.

relative to the 1980s. If Tehran wanted to keep the door open to better relations in the future, some restraint had to remain in its policy mix.

The cost of a fully adversarial policy was therefore high. At the same time, the costs of showing some restraint were relatively lower. As the regime's motivations began to shift following the Iran-Iraq war and Khomeini's death, less emphasis was placed on exporting the revolution in the Persian Gulf and especially toward Saudi Arabia. Therefore, Tehran's pledge to respect the sovereignty of its neighbors and not interfere in their domestic affairs was not as much of a sacrifice as it would have been in the 1980s. This also meant that it was easier for the regime to accept restrictions on demonstrations at the Hajj. Since proselytizing had declined as a foreign policy objective, it was more important to secure access for Iranian pilgrims than to use the Hajj for exporting its ideology.

Constraints on Substantive Accommodation

Just as they shaped Tehran's perspective on Saudi reciprocity, permissive factors also help explain the nature of Iranian accommodation when it was being pursued in a consistent manner during the 1991-93 and post-1997 periods. Specifically, permissive factors played a key role in influencing the depth of accommodation. On some issues, making substantive concessions –that is redefining interests- would be extremely costly, on other issues, less so. On the former, behavioral accommodation was as much as could be expected. On the latter, accommodation was able to take place at a substantive level. Indeed, the permissive factors that will be discussed below appeared to play a more

immediate role in shaping the depth of accommodation than did the degree of reciprocity demonstrated by the Saudis.

The difference between issue areas where accommodation was behavioral and where it was substantive is that, in the former, policy goals were essentially fixed by other goals. In OPEC, for instance, Iran was able to achieve a very significant degree of accommodation, signing on to a formal agreement –the price band mechanism. Yet this remained only a behavioral agreement. Iran’s interests remained fundamentally at odds with the Saudis, on this issue. The Saudis with the highest levels of reserves and the largest market share, wanted to keep the price of oil relatively low to maintain long-term demand. Iran, on the other hand, was driven more by short-term concerns such as war reparations, rebuilding the military, and generating economic growth. Therefore the goal was to maximize immediate profits. Tehran needed the highest price for oil possible. Given that this would require reduced OPEC production, Iran also needed a higher production quota, cutting into the other producers’ shares including the Saudis. The price-band mechanism did not and could not alter the divergence in their preferences. Iran’s interests were fixed by a combination of structural impediments: the nature of their natural resource endowment and immediate economic pressures that had implications for regime and national security.

Similarly, Iran’s competition with Saudi Arabia for influence in the Persian Gulf is also structurally determined, at least to an extent. The balance of power within the Gulf has historically been dominated by the triumvirate of Iran, Saudi Arabia, and Iraq. Through the 1970s all three jockeyed for position. Iran maintained a slight advantage and was able to marginalize Iraq by maintaining good relations with Saudi Arabia. The Saudi-

Iraqi partnership in the 1980s reversed this order, putting Iran at a disadvantage and placing Tehran and Riyadh on opposing sides. With Iraq on the sidelines after 1991, Iran and Saudi Arabia were left alone to compete for power. As balance of power theory would suggest, any two-power system is likely to be highly competitive. In the context of Iranian-Saudi relations, the situation is further exacerbated by historical and ideological differences. There are long-standing tensions between the two states based on both religion and ethnicity: Persian, Shi'a Iran versus Arab, Sunni Saudi Arabia. Moreover, the two states have two fundamentally different ideological perspectives: revolutionary, anti-western Iran versus Saudi Arabia, a conservative, American ally. One could argue, of course, that structure is not destiny. States have to choose to compete and choose to aspire to regional leadership. While this may be true in general, it is hard to imagine Tehran ignoring the balance of power, no matter what government is in power. The Persian Gulf represents Iran's most strategically important area. Iran has the largest shoreline along the Gulf and, indeed, it represents the country's longest single border area. It is also the primary export route for its main export (oil) and the site of rich natural gas deposits. Iran, therefore, could not afford to opt out of its strategic rivalry with Saudi Arabia.

Other dimensions of Iran's rivalry with Saudi Arabia were fixed by domestic politics and regime security. In the 1980s, the revolution's ideology identified the al-Saud as an enemy. The importance of this ideology as a mobilizing and legitimizing tool therefore made accommodation of any kind extremely difficult. After UNSCR 598, ideology lost some of its importance and the door opened to improving relations with Riyadh. Nevertheless, even in the 1990s, domestic politics continued to put constraints on the depth of Iranian accommodation in several ways. First, and perhaps most importantly,

the ideology of the revolution put limits on Iranian-American relations. Tensions between Iran and the United States have been a key component in the Iranian-Saudi rivalry. Restoring relations with Washington would not only ease tensions between Iran and the Saudis, it would potentially loosen the strategic relationship between Washington and Riyadh, a relationship that ensured Iran remained in a subordinate position within the Persian Gulf. However, restoring relations with Washington would have potentially destabilizing domestic consequences, even after the changes of 1988 and 1989. As discussed in earlier pages, the regime legitimized itself in terms of ridding the country of American domination. In the early 1990s, abandoning this principle would leave Rafsanjani and Khomeini'i vulnerable to their political opponents. It would also risk the wrath of many loyal supporters who see would their positions threatened by political normalization. Later in the decade, the question of normalizing US relations remained extremely politicized. Although there were signs that most of the key groups within the ruling elite were willing to consider normalization with Washington in principle, there was still a debate -or more accurately, a fight- over who would control the process⁴⁰⁸. Although opening relations makes sense from a geo-strategic perspective, the conservatives would be concerned if the reformers controlled the process, it would shift the balance of domestic power. It might hasten the process of reform and lead to the dismantling of the revolutionary state. Or, at the very least, they feared the reformers would take credit for the political and economic windfall.

⁴⁰⁸ Although Khatami's efforts to improve ties with Washington were stifled by Ali Khomeini'i, it was later reported – after the invasion of Iraq – that a letter authorized by Khomeini'i was sent to Washington offering a “grand bargain”. That is, a comprehensive deal that would include an end to Iranian support for Shi'a and Palestinian groups, and concessions on the nuclear issue in exchange for security guarantees. See: Glenn Kessler, “In 2003, U.S. Spurned Iran's Offer of Dialogue Some Officials Lament Lost Opportunity,” *Washington Post*, Sunday, June 18, 2006, <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/17/AR2006061700727.html> (accessed August 25, 2009).

A similar dynamic also appeared to be at play in other symbolically important policy areas. Ideology has put Tehran on the side of ‘rejectionist’ groups in the Arab-Israeli conflict, even though this has frustrated Riyadh, which has supported the US-sponsored peace process. Although the issue is not intrinsically important to Iran’s strategic interests, it has resonance domestically among several key political constituencies. Like being anti-American, being anti-Israeli is a sign that the regime is not changing. Iran’s support for Hezbollah also has many of the same attributes. Iran’s involvement in southern Lebanon has run counter to Riyadh’s support for Lebanon’s Sunni population. The issue, however, has tremendous resonance within certain political communities because of ideology and, in this case, also because of religious affinity.

In each of the cases discussed above, Iran’s ability to go beyond behavioral accommodation was severely constrained by other relatively fixed interests. Tehran could not redefine these interests or abandon related goals. At best, all it could do was modify the way it pursued its policies so as to reduce the level of friction with Riyadh. This is best exemplified by the price-band mechanism in OPEC but the same principle was also evident in the other issue areas to an extent. For instance, Iran did not like the US military presence in the Persian Gulf but after 1997 it was less critical of Saudi Arabia’s involvement. Iran also accepted Saudi Arabia’s position within the GCC although it argued that regional security arrangements should involve all of the littoral states.

In those areas where substantive accommodation was present, there was more room for the regime to redefine its interests and adjust its policy goals. By 1989, exporting the revolution was a goal that could be redefined. As the regime reconsidered its policies at the end of the Iran-Iraq war, exporting the revolution became a primarily

passive obligation, at least within the Persian Gulf. It would be accomplished by example rather than through support for insurgent groups, verbal encouragement, or rhetorical attacks. In practice, this does not happen overnight. Because of the fragmented nature of post-Revolutionary politics in Iran, it took time for this change to work its way through the system. Non-interference in domestic affairs became official policy as part of Rafsanjani's "Good Neighbor" initiative but it is not until later in the 1990s that power becomes sufficiently consolidated for the policy to take firm hold. As will be discussed below in the context of domestic politics, this process involved marginalizing more radical political opponents and reorganizing the leadership of key institutions. Indeed, one could argue that this process is still not fully complete. Nevertheless, by the late 1990s, the Islamic Republic had effectively given up on this goal. Although Iran still appeared to maintain links with groups like Saudi Hezbollah, after Khobar Towers there were no more notable incidents. Moreover, there were virtually no more criticisms of the Saudi regime or calls for revolutions and uprisings in the Persian Gulf and Tehran accepted limits on ideological demonstrations at the Hajj.

This change in foreign policy goals was possible because there was enough flexibility at the domestic level for it to happen without threatening regime security. Exporting the political message passively, through example, was sufficiently compatible with the ideology of the revolution that the regime did not appear to be fundamentally compromising its principles and *raison d'être*. Unlike restoring ties with the US, compromising this goal did not signal that the nature of the regime was changing. There was some dissent, but it was manageable because Khomeini was alive to oversee the

change and because there was a growing consensus among the leadership that actively pushing their ideology on their neighbors was actually undermining the regime.

Nevertheless, it is intuitively appealing to link substantive accommodation to Saudi reciprocity. Since changes in the consistency of Iranian accommodation appeared to be triggered by variations in Saudi reciprocity, it would make sense that substantive accommodation would also be effected. This could work in one of two ways. Tehran may have adopted a tit-for-tat strategy where it only engaged in substantive accommodation when the Saudis are also willing adopt similar types of policies. Or, Tehran may have needed a period of time to work its way up to substantive accommodation. Since substantive accommodation would seem to entail a larger commitment, perhaps Tehran needed a period of reciprocated behavioral accommodation before it was prepared to make deeper concessions.

There is some evidence to suggest reciprocity did influence Tehran's willingness to engage in substantive accommodation. As discussed above, Iran's foreign policy successes in 1991 seemed to silence some of Rafsanjani's critiques, at least for a while. If the Saudis had continued to ignore Iran's "Good Neighbor" policy even after the Kuwait crisis, it is possible that Tehran may have given up and decided that its interests would be best served by a return to revisionism and the violent export of the revolution. Similarly, once the Saudis approached the Iranians in 1997, there were no more incidents like the Khobar Towers and Iran seemed to involve itself less in the domestic affairs of its neighbors.

There are a couple of problems with this type of argument, however. First, the redefinition in Iranian interests appeared to occur right at the point of initiation. Indeed,

part of the way Tehran signaled its interest in accommodation was by making respect for the principle of non-interference in domestic affairs part of its official policy. To the extent that the principle was actually put into action was a question of implementation, not a reflection of policy choices. Moreover, problems in implementation were also present in Iran's behavioral policies. Since reciprocity facilitated the implementation of both behavioral and substantive policies, as a causal factor it does not help us understand why substantive accommodation was chosen in one issue area but not another. Implementation is, in fact, is a separate issue, and will be discussed further below.

Second, in the issue areas where accommodation was limited to behavioral policies, it is difficult to see how Saudi reciprocity could have changed the situation. The Saudis could not change the nature of Iranian-US relations. There is also nothing the Saudis could concede to Iran that would change the fact that their interests in OPEC differed. To the extent there appeared to be a convergence between the two states in this issue area, it was created by higher global oil prices, which allowed the Saudis to accommodate Iranian needs in OPEC without sacrificing their own interests. The only structural constraint that the Saudis could potentially impact is the competition for regional influence. Rather than a competitive balance of power system, the Saudis could try to integrate Iran into a more cooperative concert of power system. However, while Alexander Wendt may be right, anarchy may be what states make of it, the stark differences in interest, and the history of animosity and conflict, make such a move highly unlikely in the Persian Gulf⁴⁰⁹.

⁴⁰⁹ Wendt argues that international anarchy alone does not lead to a competitive international system. Norms of behavior and state's identities lead them to adapt to anarchy in a competitive manner. This may be true, but in the Persian Gulf the mix of identities and norms suggest competition is more likely to emerge

Finally, before leaving this discussion, it is worth noting that behavioral accommodation does not appear to be a necessary prerequisite to substantive accommodation. As mentioned above, a degree of substantive accommodation seemed present right from the start of the process. The relationship between behavioral and substantive accommodation should, therefore, not be seen as sequential. Substantive accommodation does not necessarily evolve out of behavioral accommodation. Indeed, in the Iranian case it may have worked the other way around. A redefinition of interests may have been a necessary prerequisite for sustained periods of behavioral accommodation. As discussed above, consistent behavioral accommodation required Saudi reciprocity. At least in part, this required the Saudis to recognize that Iran had changed its approach to Persian Gulf relations at least to a degree.

Domestic Politics and Policy Implementation

As discussed above, domestic political considerations placed significant constraints on the depth of accommodation. It is also possible that domestic politics played a secondary role in shaping accommodation by interfering with the implementation of policies (behavioral and substantive) once they had been decided upon. Indeed, one of the most common arguments about Iranian foreign policy is that it is constantly buffeted by factional infighting. It is difficult though -if not impossible- to precisely trace the impact of factional competition on policy implementation. Much of Iran's political system is opaque. Therefore conclusions are often based on speculation rather than observation. Moreover, because of the timing of events, it is difficult to isolate

than cooperation. See: "Anarchy is what states make of it: the social construction of power politics," *International Organization* vol. 46, no. 2 (1992).

factional infighting as a variable. Its role is masked by more powerful explanatory factors, such as Saudi reciprocity.

Factionalism could impact accommodation in any one of several forms. First of all, radical factions could use the media and other unofficial forums to discredit the government and criticize their policies. Although there are numerous restrictions on the press in the Islamic Republic, political discourse has remained surprisingly vibrant⁴¹⁰. Various newspapers and magazines have been associated with particular factions or even owned outright by key political figures. For instance, SALAM was edited by Hojatoleslam Musavi-Khoeniha, a notable and well connected member of the radical faction, while RESELAT has been closely associated with Khomeini's. Lesser publications have been vulnerable to government pressure, but those with powerful patrons have been able to criticize government policies and criticize foreign governments such as the United States, Israel, and Saudi Arabia. There are certain "red-lines" of course, but as long as they couched their commentary in revolutionary principles, and refrained from directly criticizing the Faqih, factional media outlets have had a great deal of leeway. If they ventured too close to a "red-line", they would be chastised for sowing division within the country and so on. When Khomeini was alive, this type of moral persuasion was sufficient but after his death no one really had the moral weight to enforce revolutionary unity.

Similarly, mosques and public prayer sessions have been difficult to control. Friday Prayer leaders are centrally appointed through Qom and, ultimately, the office of the Faqih. However, the network is vast and much of it is relatively informal. Taking

⁴¹⁰ Iranian publications have been closed down, publishers have been arrested and, in some cases, newspapers have been denied access to the newsprint necessary for publication.

control of these institutions was a time consuming and likely a delicate process. Indeed, the process of controlling the media and the Friday Prayer networks was likely dependent on Khomeini's control over other informal power centers and formal political institutions⁴¹¹.

Although there was sporadic criticism in the media throughout the 1989-2005 timeframe, the most concentrated attacks came between 1989 and 1991 –when Rafsanjani's "Good Neighbor" policy was struggling to take hold. During that time, MRM-affiliated members of the clergy used the press and Friday Prayer sessions to attack the al-Saud, especially in regard to their policies on Iranian pilgrims. This had two affects. First, it angered the Saudis who have historically always been very sensitive about having their legitimacy questioned. This led to an escalating cycle of recriminations between the two countries and kept tensions high. Second, the continuation of radical rhetoric made Rafsanjani and his "Good Neighbor" policy look weak at a time when Riyadh was deeply suspicious of Tehran's long term intentions.

Secondly, factional competition may have also made it difficult to compromise with Riyadh. Giving too much or, more accurately, accepting too little in the way of Saudi reciprocity, could leave the administration in a vulnerable position. At various times, this did appear to make it difficult for Rafsanjani to make the concessions necessary to maintain a consistent policy of accommodation. Again, the most obvious examples come from the period prior to the invasion of Kuwait. In the first years after Khomeini's death, Rafsanjani and Khomeini's were under significant pressure from their opponents. Their ideological credentials were frequently being questioned and their

⁴¹¹ For a discussion of the clerical hierarchy in Shi'ism, its relationship to the state, and Khomeini's, see: W.G. Millward, "Political Dimensions of the Marja'iyate in Ithna'Ashari Shi'ism: Recent Developments,"

MRM opponents still held key positions in the political system, particularly the Majlis. At the same time the Saudis were being vilified for their position on Iranian pilgrims. Had Rafsanjani and Khomeini'i agreed to Riyadh's conditions for the Hajj, they would have been the object of a great deal of criticism. Indeed, when progress was stalled, Khomeini'i also began to criticize the Saudis. This would fit with pattern of behavior noted earlier. Marschall argues that Khomeini'i would make assertive statements as a ploy to shore up his hard-line credentials⁴¹².

A similar pattern emerged during the Abu Musa dispute. However, this time, not only was Rafsanjani attacked by the MRM, Khomeini'i also began to criticize his "Good Neighbor" approach⁴¹³. Echoing the radicals, the Faqih claimed that Iran would not give-up its rights simply for the sake of not making enemies⁴¹⁴. It is difficult to say exactly how constrained Rafsanjani was at this time. However, he at least appeared to be looking for a compromise while all the rhetoric was escalating. Even as the situation worsened, the official government position was that Tehran was willing to negotiate a solution with the Emirates. Moreover, it was not until the very end of the crisis that Rafsanjani waded into the exchange with his "sea of fire" comments.

A third way in which factional competition could undermine accommodation was through poor command and control. Although the decision to pursue accommodation may have been made at the highest levels of government, it might have been possible for actors at lower levels in the system to act independently in ways that undercut official state policy. Once in power, Rafsanjani and Khomeini'i slowly and methodically

(paper presented at the 28th Annual meeting of the Middle East Studies Association, November 1994).

⁴¹² Marschall, *Iran's Persian Gulf Policy: From Khomeini to Khatami*, 108-109.

⁴¹³ Keyhan, London, FBIS-NES-93-049 (March 7, 1993): 2.

⁴¹⁴ Voice of the Islamic Republic, First Program Network, Tehran, FBIS-NES-93-056 (March 25, 1993).

expanded their control over the institutions of the state. By 1993 they had pushed their opponents out of the Council of Guardians and the Majlis. Even before that, they started reorganizing and rationalizing the country's security and military forces. As the war with Iraq came to an end, the IRGC was restructured horizontally in terms of divisions and brigades, as well as vertically through the reorganization of ranks ranging from privates to generals⁴¹⁵. In April 1991 the internal security forces were also reorganized. The chaotic system of revolutionary committees, police, and Gendarme were integrated into a single organization designed to act as the executive of the judiciary, the Security Guards Corps⁴¹⁶. Khomeini'i also placed his own people in key positions in the military, security services and the Pasdaran. An ex-Guardsman was placed at the head of the navy, and an ex-army officer, General Laloli, was placed at the head of the Revolutionary Guard Air Corps. A former Minister of Defense during Khomeini'i's presidency was placed as the new head of the Pasdaran Air Corps⁴¹⁷.

Despite all of this, command and control over foreign policy remained a work in progress. According to Byman, Chubin, Ehteshami and Green, writing in 2001, "Iranian decision making is often characterized by broad agreement that is tempered by constant renegotiation and haphazard execution"⁴¹⁸. Although Byman et al. downplay the independence of the security services; other sources argue that the Ministry of the Interior and Security (MOIS) and other organizations maintain ties to groups like Saudi Hezbollah with or without the consent of the central leadership⁴¹⁹. They argue that independent

⁴¹⁵ Chubin et al. (1996) p.36

⁴¹⁶ Hunter, *Iran after Khomeini*, 44.

⁴¹⁷ *Middle East International* (April 5, 1991): 16 and 40.

⁴¹⁸ Chubin et al. (1996) p.23.

⁴¹⁹ A. William Samii, "Factionalism in Iran's Domestic Security Forces," *Middle East Intelligence Bulletin* vol. 4, no. 2 (February 2002).

actors may also engage in a variety of independent initiatives. It has also been argued that Iran's Bonyads (Islamic charitable foundations), which possess vast wealth and resources, may also provide funding for a variety groups, particularly Hezbollah in Lebanon⁴²⁰. Nominally, both types of institutions are under the oversight of Khomeini'i, but their actual operations are not open to public scrutiny and the rumors persist that they maintain an unofficial foreign policy that Tehran does not acknowledge and perhaps cannot control. If true, this may account for the alleged Iranian connections to both the Khobar bombing and the Shi'a opposition in Bahrain. Similarly, it has also been argued that the 'Karine A' arms shipment was not officially sanctioned and took place without the knowledge of President Khatami⁴²¹.

Finally, factional politics may have impacted accommodation not so much because there were differences over goals and strategy, but because there were differences over tactics and political style. Once their MRM opponents were removed from the Majlis, the relationship between Rafsanjani and Khomeini'i seemed to become increasingly strained. Without a common enemy to hold them together, the last two standing powers turned from allies to adversaries. While Khomeini'i still endorsed Rafsanjani's bid for a second presidential term, there were numerous differences between them⁴²². Nevertheless, they did seem to agree on the importance of an accommodation with Saudi Arabia. Khomeini'i, after all, oversaw the accommodation established after 1997.

⁴²⁰ Chubin et al. (1996) p.40.

⁴²¹ International Crisis Group, "Iran: The Struggle For The Revolution's Soul," *ICG Middle East Report* no. 5 (Amman/Brussels, 5 August 2002): 31.

⁴²² As discussed in the context of regime motivations, they differed on relations with the West, social policy, and economics.

Where they did seem to differ was in terms of style and tactics. Rafsanjani consistently favored a conciliatory style dating back to the late 1980s. Khomeini'i, on the other hand, cultivated a sterner image. Because he was the Faqih, he also took on the role of guardian for the revolution's principles. Although still pragmatic, this made him more hawkish than Rafsanjani. Moreover, as the two struggled for position, there was political capital to be gained by adopting some of the radical platform. As a consequence, he seemed to prefer being more assertive, particularly as Iran's economic and political position improved. Although US forces remained after the war in Kuwait, the immediate Iraqi threat was eliminated and Iran was left the strongest littoral power in the Persian Gulf. By 1992, the economy was also starting to rebound, albeit slowly. Pumping capacity, for instance, had increased approximately 22% relative to 1988 levels. As relations worsened with Saudi Arabia, Khomeini'i's rhetoric took on a harsher tone than Rafsanjani's. This was evident in the aforementioned comments about Iran's interests being sacrificed simply to avoid making enemies⁴²³. It was also evident in their comments concerning Saudi policy toward Iranian pilgrims that were discussed in earlier pages. Reportedly, this stylistic difference was also reflected in the Faqih's choice of representatives. Rafsanjani apparently found himself at odds with Iran's representative at OPEC, who was appointed by Khomeini'i. Rafsanjani argued that Oil Minister Gholam Aqazadeh was too belligerent in his dealings with the Saudis⁴²⁴. The impact of these differences is hard to gauge. Style did seem to matter in Riyadh. Any return to radical rhetoric would have raised doubts about Iran's long-term intentions and future behavior. Moreover, the Saudis were said to be much more comfortable with Iran with Khatami and

⁴²³ Voice of the Islamic Republic, First Program Network, Tehran, FBIS-NES-93-056 (March 25, 1993).

his softer approach to foreign policy. It is therefore possible that tactical and stylistic differences did weaken Iran's "Good Neighbor" initiative and impede Saudi reciprocity.

Overall, the influence of factional competition on the implementation of policy is very difficult to judge. As discussed above, there are points in time when each of the four dynamics seems to be playing some role in shaping policy. However, it is not clear that the role they play is decisive. The periods when factional politics are most evident are also the periods when Saudi reciprocity is lacking. Once the Saudis are forthcoming, the internal bickering either stops or becomes focused on other issues. Similarly, the stylistic and tactical differences seemed to disappear. If anything, they should have been even more pronounced with Khatami in office. Finally, even command and control appeared to improve when the Saudis were willing to reciprocate. As noted above, there were no more incidents like the Khobar Towers bombing once the period of Dialogue and Détente had begun. The 'Karine A' stands out as an exception, but strictly speaking it was not something that directly involved the Saudis. More importantly, the incident did not appear to be any discernable impact on Iranian-Saudi relations.

The American Role

The US played multiple roles in shaping the dynamics of Iranian accommodation, although it did not play the classical role of mediator in the relationship. Washington was at best ambivalent about the improvements in the relationship between Tehran and Riyadh, and at worst hostile. America's "Dual-Containment" policy was specifically designed to keep Iran isolated, and Washington openly expressed frustration with Saudi

⁴²⁴ Al-Sharq Al-Awsat, The Gulf/2000 Project Members' Page, School of International and Public Affairs, Columbia University, <https://www1.columbia.edu/sec/cu/sipa/GULF2000/chronology/data/93-12.html>.

efforts to deflect attention away from Iran after the bombing of the Khobar Towers. The primary role that the United States played in shaping Iranian policy was through its military presence, which defined the regional balance of power through the 1990s. This removed the possibility of Iranian escalation and limited Tehran to mixed policies when it was unhappy with Saudi reciprocity. In part, this can be seen as a function of regional politics or Saudi preferences. The US was in the region because of the Iran-Iraq war and then the invasion of Kuwait. It was also in the region because the Saudis wanted them there. However, the US was also in the Persian Gulf for its own reasons. In general, the US had a strategic interest in ensuring the free flow of oil to the West. More specifically, the Kuwait crisis had turned into a drawn-out contest between the US and Iraq. As long as Saddam Hussein was still in power, the Americans were not going anywhere.

In general, the antagonism between Washington and Tehran complicated Iranian-Saudi accommodation. One of the key issues in the 1993 to 1997 phase was the US' continued presence in the region and the close relationship between Riyadh and Washington. From Iran's perspective, this upset the region's natural balance of power and signaled Saudi hostility. Ironically though, the US presence also seemed to push Saudi Arabia closer to Iran at key points in time. One of the reasons suggested for the increase in Saudi reciprocity in 1997 was Riyadh's perception that they had grown too close to Washington. The relationship de-legitimized the al Saud at home and in the rest of the Persian Gulf. Moreover, after the Kuwait crisis, Washington began pressuring the Saudis to reform their political system and begin democratizing. According to Iranian observers, the only way the Saudis could deal with these problems was to get some distance from

Washington and the only way they could safely do that was to improve relations with the Tehran⁴²⁵.

This pattern seems to be repeated after September 11th. In the aftermath of the attacks there was growing criticism of the Saudis and their political system in the US. Al Qaeda was blamed on the lack of representative government and the regime's Wahhabi ideology. Again, this led to American demands for political reform. It also led to American demands that Riyadh confront extremist groups within the kingdom. The relationship between Riyadh and Washington was also strained by the worsening situation in the Israeli-Palestinian conflict. Given their relationship with Washington, American support hurt the Saudis' regional standing and further undermined their legitimacy at home. These pressures left the al Saud feeling vulnerable. Their relationship with Washington was at a low point and there was increasing domestic unrest. The last thing Riyadh needed was a hostile Islamic Republic attacking them in the press or aiding domestic opposition groups. Finally, as the count-down began for the invasion of Iraq, the al Saud were again tarnished by their relationship with Washington and they had serious concerns about the uncertainty of a post-Saddam Iraq. After Iraq had been invaded, the situation became a source of tension in the relationship, but while the pre-invasion build-up was taking place, the Iranians and the Saudis were on essentially the same page.

⁴²⁵ Author's interview with Dr. Mahmood Vaezi, Deputy of Foreign Policies and International Relations, Center For Strategic Research (also former Deputy Foreign Minister, 1987-1999) at Center For Strategic

Permissive Factors and the Levels of Analysis

When looking at the role of permissive factors in shaping the dynamics of accommodation, determining the relative importance of different levels of analysis is complex. Unlike stimulus causality, which can be explained primarily through the bilateral level, permissive factors at each level of analysis seem to be playing necessary roles in shaping decisions. Overall, however, most of the explanatory weight seems to lie with external factors.

When Iran's flexibility in the post-1997 period is examined, the permissive factors cut across several levels of analysis. Externally, it was clear by the late 1990s that the US was not leaving the Persian Gulf. This was in part a global level factor because it was a function of super-power policy. Washington was committed to keeping Iraq contained and was more convinced than ever that its direct presence in the region was needed to guarantee the free flow of oil. It was also a bilateral factor in that the Saudis continued to see the US military as a necessary part of their plan for regional security. While these permissive factors acted as constraints on Iranian demands, the US containment of Iraq also allowed Iran to be more patient.

At the domestic level, the political and economic situation also allowed Iran to be patient. While this was a necessary condition for Iranian flexibility, its explanatory weight needs to be considered carefully. Although the economy was still weak and there were signs of public discontent, the situation had been relatively stable since the early 1990s. Since this time frame includes a period when Iran was willing to make relatively fewer concessions to the Saudis, the flexibility of the post-1997 period appears to be more closely related to external developments than permissive factors at the domestic level.

Iran's reactions when it was dissatisfied with reciprocity were also shaped primarily by external permissive factors. A mix of accommodation and assertion was used because, in large part, Iran was constrained by the regional balance of power. Tehran could simply not coerce the Riyadh into being more responsive. At the same time, an overly aggressive response to the Saudis would alienate the other GCC states, with whom Iran was making significant diplomatic progress.

Permissive factors at the domestic level were perhaps most important in terms of the types of accommodative policies being implemented. Substantive accommodation on security issues was limited by the regional distribution of power. However, the other constraints on substantive accommodation were all domestic. Because of Iran's resource endowment and demographics, the two sides were destined to have different interests in OPEC. Because of the Islamic Republic's ideology and the need to maintain regime legitimacy, the two sides were also destined to differ over their attitudes toward the United States. Similarly, ideology and domestic political needs meant Tehran's preferences in the Hajj were going to differ from those of Riyadh. Within these issue areas, behavioral accommodation was all that was possible.

Taken as a whole, external permissive factors seemed to have the largest role in shaping the dynamics of Iranian behavior. They represented the dominant factors in two of the three questions examined and played an important part in the third. This is not to say, however, that the impact of domestic permissive factors can be ignored. Although factional competition was not a significant impediment to the implementation of accommodation, domestic permissive factors played necessary roles in shaping Tehran's responses both when it was satisfied with Saudi reciprocity and when it was not.

Summary

In the previous pages, it was argued that the way Tehran responded to changes in Saudi reciprocity was shaped by the mix of opportunities and constraints present in the operational environment. The impact of these permissive factors was examined through exploring four questions. The first question explored Iranian sensitivity to different levels of Saudi reciprocity. More specifically, it examined why Iran was more ready to make concessions during the post 1997 period. In the time between 1989 and 1997, Tehran became more flexible on Hajj issues and came to accept the US military presence in the Persian Gulf, albeit grudgingly. Tehran also grew more patient with Saudi policy in OPEC. This transformation took place because Tehran received reciprocity on a key issue –its regional isolation- where immediate relief was needed. On the issues where Iran did not receive immediate reciprocity, there were two considerations at play. First, Tehran recognized it was unrealistic to expect the Saudis to change those policies in the near future. Second, Tehran could afford to wait and hope for reciprocity at a later date. For instance, with Iraq out of the way and better relations with Saudi Arabia, the US navy could be tolerated as long as it was not overtly threatening. Similarly, with an improved quota for Iranian pilgrims, Tehran could sacrifice demonstrations at the Hajj. Oil revenue was badly needed for the economy, but there was little that could be done immediately to change a global slump.

The second question was how did permissive factors shape Iran's response when it was not satisfied with Saudi reciprocity. The regional balance of power made a return to a full adversarial policy very dangerous. This was particularly the case after the Kuwait crisis. Not only would an adversarial approach invite a direct confrontation with the

United States, it would have jeopardized the gains that had been secured since 1989. A mixed policy of accommodation and limited assertiveness would be a more efficient way of signaling Iran's dissatisfaction with the status quo without taking undue risks.

The third question was how did permissive factors shape the way Iran responded when it was sufficiently satisfied with Saudi reciprocity? Specifically, what type of accommodative policies did they pursue, behavioral or substantive? Substantive accommodation was only possible in some issue areas. One area where Tehran could engage in a substantive accommodation of Saudi interests was by not interfering in the domestic affairs of the GCC states. Relations with the United States were another matter altogether. Iran's interests in OPEC were equally inflexible. Behavioral accommodation was as far as Iranian policy could go in both cases. Tehran could agree to tone down its criticisms of the American military presence and it could agree to a middle ground arrangement in OPEC, but that is about as far as they could go.

The fourth question concerned the impact of factional politics on policy implementation. Throughout the time period being considered, domestic politics within Iran remained fractious, to say the least. There was constant competition between the various factions and key members of the political elite. The independent impact of this infighting on policy implementation, however, appeared to be limited. When Saudi Arabia was reticent, Rafsanjani's opponents made it difficult for him to maintain his "Good Neighbor" policy. This was particularly evident during the first phase of accommodation (1988-1991), and again to a lesser extent during the third phase (1993-1997). However, when the Saudis were prepared to reciprocate Iranian accommodation, factional opposition did not appear a serious impediment to implementing policy. For

instance, during the Kuwait crisis in 1991, Rafsanjani had little trouble overcoming hard-line opposition to Iranian neutrality. Similarly, during the 2001 Afghan campaign, Khatami easily steered a neutral course despite hard-line calls to join the Taliban. Indeed, during the post-1997 period, opposition to Khatami's Saudi policy was marginal at best.

Finally, after these four questions were addressed, it was argued that permissive factors at both the domestic and international levels played necessary roles in shaping how Iran responded to Saudi reciprocity. Any explanation of Iranian accommodation that ignored either level would be incomplete. Nevertheless, conditions in the external environment played a larger role in shaping Iranian policy.

The Dynamics of Accommodation: Summary and Discussion

In the following pages the main conclusions from this section will be summarized and discussed. First, there will be a brief review of the changes that took place in Iranian accommodation between the years 1989 and 2005. Second, the interaction of the various causal factors will be examined. Although each of the three types of causal relationship were discussed individually above, it will be argued below that each one played a necessary cause and to properly appreciate the way they shape behavior their impact has to be examined in combination. Third, the relative causal weight of the different levels of analysis will be examined, with particular attention paid to the importance of domestic versus international factors. Fourth, changes in the independent variables will be examined to determine whether they were evolutionary or came in the form of shocks.

Iranian accommodation was described in the preceding pages as going through four distinct stages during the period under investigation. In the first stage, accommodation was inconsistent. There were elements of behavioral and even substantive accommodation in Iranian policy, yet there remained a degree of assertiveness, particularly in Iranian rhetoric. The second phase, which began with the Kuwait Crisis, marked a brief period during which Iranian policy was consistently accommodative. Accommodation was primarily behavioral, but included a substantive dimension as well. The third phase involved a return to a mixed policy of accommodation and assertiveness. This lasted from 1993 to 1997, when Iranian policy finally shifted into a consistent pattern of accommodation. Again, it was primarily behavioral. Iran was willing to split its differences with the Saudis in a number of issue areas. This was most developed in OPEC but also included regional security arrangements and diplomacy. The substantive accommodation that had been part of Iranian policy from the beginning also became more pronounced during this period. Although Tehran had agreed not to involve itself in the domestic affairs of its neighbors at the end of 1988, Tehran's ability to control policy and maintain discipline was still a work in progress. By the late 1990s the situation had improved markedly and Iran effectively refrained from exporting its ideology to Saudi Arabia and the Persian Gulf.

To explain these variations in policy, it is necessary to consider all three types of causal variable discussed above (motivating, stimulus and permissive factors). As was discussed in earlier pages, Tehran's reaction to changes in the level of Saudi reciprocity was very much dependent on permissive factors. Permissive factors determined whether Tehran was satisfied with Saudi reciprocity, then they shaped how it reacted. Constraints

on escalation and the use of coercive force dictated that Iran pursue a mixed policy (assertiveness combined with accommodation) when it was dissatisfied. Similarly, when it was satisfied, constraints on substantive accommodation meant Iran concentrated predominantly on behavioral policies.

To understand the interplay between the stimulus and permissive factors, it is also necessary to examine them in the context of Tehran's motivations. As discussed in earlier pages, the regime's motivations were dominated by pragmatic rather than ideological concerns. Although significant changes did take place among the Islamic Republic's elite, particularly in the office of the President, there was a striking degree of continuity in regime motivations, which continued to be dominated by national and regime security. Although ideological goals were not forgotten, they did not receive the same degree of priority. This continuity was reflected in policy. President Khatami's policy of "Dialogue and Détente" did not differ significantly from Rafsanjani's "Good Neighbor" policy that preceded it. This had important implications for the dynamics of accommodation and how Iran reacted to various potential stimuli. Specifically, Tehran adjusted its policy of accommodation in response to stimuli that impacted those practical concerns. As the earlier analysis suggests, it was reciprocity on national security issues that keyed Iranian policy shifts. Iran wanted an end to its isolation in the Persian Gulf. When the Saudis made concessions in this issue area, Tehran was prepared to make concessions and/or be patient on other questions.

This emphasis on pragmatic concerns was also evident in the concessions Iran was willing to make to Saudi Arabia, as well as in the factors that constrained Iranian policy decisions. In its dealings with Saudi Arabia, Iran could be flexible on ideological issues

such as demonstrations at the Hajj and exporting the revolution within the Persian Gulf. These issues were conceded to the Saudis. Iran was less flexible, however, on issues that had implications for national or regime security. There was little room for Iran to make concessions when the Saudis would not reduce their support for Iraq after the war, or when they made security arrangements that would keep Iran marginalized. Iran did eventually demonstrate flexibility on the American military forces in the Persian Gulf. However, by then, Iran had been reassured that the United States was not about to attack them, or keep them from expanding relations with the other GCC states. The US presence limited Tehran's ability to project power in the region, but it kept Iraq in check and the situation could be managed without undue military risk. If anything, the Iranian position on the issue demonstrated the regime's willingness to privilege pragmatic concerns over ideological. Accepting Riyadh's military partnership with Washington ran contrary to the Republic's ideological principles, but from a pragmatic perspective the benefits outweighed the costs. This pattern was again evident in 2001, when Iran cooperated with the American campaign in Afghanistan.

The Iranian regime, however, was not willing to compromise on ideological issues when they had implications for regime security. For instance, reaching a parallel accommodation with the United States would have solved many of the country's diplomatic and economic problems. Such an accommodation would have altered the balance of power in the Persian Gulf, ended economic sanctions, and allowed better access to international markets and investment. Despite these benefits, compromising on this particular ideological principle would have had a much higher pragmatic cost. It would have threatened the political status quo within the country, perhaps upsetting the

balance of power between the various factions, or perhaps even undermining the foundations of the revolutionary system.

The main constraints on Tehran's policy decisions were potential threats to national and regime security, not ideological taboos. When Iran was dissatisfied by Saudi reciprocity its response was a mixed policy of accommodation and assertiveness rather than a return to a purely adversarial approach. Given the balance of power in the Persian Gulf, the second option was simply not viable. Moreover, the pattern of Saudi behavior in the past suggested that Riyadh would not be a pushover. As one former Iranian diplomat observed in Tehran, Saudi Arabia was not a country that could be easily bullied⁴²⁶. In the late 1980s, when faced with Iranian pressure after their advances on the Fao Peninsula, Riyadh did not capitulate. Rather, it moved closer to the United States and closed ranks within the GCC. Moreover, escalation with Riyadh would cost Tehran the diplomatic progress it had made with the other states in the Persian Gulf, not to mention Western Europe. It is also questionable how prepared domestically Iran was for such a belligerent foreign policy. Neither the population nor the economy had recovered from the war and turbulence of the 1980s. As discussed in terms of the initiation of accommodation, concerns about the social strains of the war had been an important constraint on escalation in 1988. This concern was still likely in the back of Iranian decision-makers' minds.

On issues where accommodation remained behavioral, it was pragmatic not ideological concerns that set the limits. The positional rivalry between Iran and Saudi Arabia was largely a function of the regional distribution of power and in fact predated the Iranian revolution. Tehran's OPEC policy was a function of demographics and

resource endowments. These were concerns largely independent of ideology. Even on relations with the United States, the limit on Iranian accommodation was one of pragmatism rather than ideological principle. As discussed above, too much compromise on relations with the US had significant implications for domestic political stability.

Finally, to properly understand how Iran's behavior was shaped by permissive factors, it is necessary to examine how Tehran weighed potential gains and potential losses. As was argued in the context of initiation and suggested again in this section's discussion of motivations, Tehran seemed more sensitive to potential losses than potential gains. There were differences between Khomeini's, Rafsanjani, and Khatami in this respect but Khomeini's perspective seemed to be the dominant one in decision making. Several situations stand out in this regard, although one more so than the others. When Iraq invaded Kuwait, Saddam Hussein invited Iran to join him in his war with the United States and conservative forces. Ideology aside, from a purely pragmatic perspective this presented Tehran with a stark choice between potential losses and gains. Joining Saddam had the potential to turn the regional order upside down. Although events proved that US military power and resolve was more than a match for Iraqi military power, this was far from clear at the time. Moreover, with Iran onside, Iraq would have been a far more powerful adversary. An Iranian adversary would have significantly complicated American military planning, in terms of the men, hardware, and strategic environment they would have faced. Granted, this would have been extremely risky but the pay-off might have been very large. Tehran, of course, passed this opportunity up. It settled for a much more modest pay-off but with a much lower level of risk.

⁴²⁶ Author's interview with Dr. Mahmood Vaezi, Deputy of Foreign Policies and International Relations, Center For Strategic Research (also former Deputy Foreign Minister, 1987-1999) at Center For Strategic

The overall pattern to the dynamics of Iranian accommodation is consistent with this type of decision-making. For instance, even after Iraq's failure in Kuwait, Tehran could have joined with Baghdad in response to Washington's "Dual-Containment" policy and to counter the American military presence. Indeed, there were significant concerns that Iran might eventually do this. Again, if it had worked, there would have been a significant pay-off for Iran. However, the risk remained extremely high and Iran had even more to lose in 1995 than it did in 1991. Also, as was discussed above, even if Iran did not join with Iraq, Desert Storm left it the strongest littoral state in the Persian Gulf. Tehran could have dropped accommodation from its policy mix and reverted to an adversarial approach to Saudi relations but they did not. Again, the potential for loss seemed to outweigh the potential for gain in Iranian calculations. Lastly, the same pattern could even be seen in terms of Iran's relationship with the United States. Reconciling with Washington promised a number of significant benefits. However the domestic implications were uncertain. The potential for losses seemed to weigh more in the minds of Iranian decision makers than the potential for gains.

As can be seen in this analysis, the factors that shaped the dynamics of Iranian accommodation operated on a variety of different analytical levels. Indeed, factors at each level played necessary roles in the process. Nevertheless, it can be argued that factors in the external environment played the most notable roles, and once again Iran behaved primarily as a realist actor. Although there were significant political changes within the country, including a change in presidents, the motivations that guided policy-making remained relatively unchanged. There were some differences over tactics, with the conservatives in the regime favoring a slightly more assertive posture but there appeared

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to be a consensus that an accommodation with Saudi Arabia was necessary. The regime also maintained the same basic two-tier hierarchy of preferences that emerged in the late 1980s. This hierarchy was dominated by regime security and national security and a desire to avoid permanent or long term losses. Changes in the regime's motivations were therefore not the stimulus for adjustments in Iran's policies toward Saudi Arabia. Rather, the stimulus for policy change appeared to be variations in Saudi reciprocity. Moreover, the key issue on which Tehran required reciprocity was regional security issues.

The permissive factors that shaped the way Iran reacted to changes in Saudi reciprocity were also predominantly external. Iran's flexibility in the post-1997 period was largely a response to constraints in the external environment. The United States was not leaving the Persian Gulf, and there was little the Saudis could do about slumping world oil prices. It was also clear that the Saudis were intent on keeping Hajj ceremonies under tight control. Similarly, when the Saudis were offering very little in the way of reciprocity, Tehran had to tailor its policies to suit the regional balance of power. Rather than reverting to a purely adversarial policy, Iranian policy involved a mix of assertiveness and accommodation during both the 1989-1991 and 1993-1997 periods.

Nevertheless, it is important to note that any attempt to understand the dynamics of Iranian accommodation that did not reference domestic factors would be insufficient. Relative to the initiation of accommodation, it can even be argued that domestic politics played a larger role in shaping the dynamics of the policy. First of all, the relative stability of the domestic environment was an important permissive factor which allowed Iran to make particular policy choices. If the regime had faced an acute political or economic crisis during the 1989-1991 or 1993-1997 periods, it might have lashed out despite the

regional balance of power. Even when Iran accepted Saudi reciprocity (post-1997), if the domestic situation had been different, Iran might not have been willing to make the compromises necessary for a lasting accommodation. Most importantly though, the types of accommodative policies (substantive versus behavioral) were largely determined by domestic level, permissive factors. The three-sided distribution of power in the Persian Gulf pitted the Saudis and the Iranians against each other as rivals and made substantive accommodation on regional security issues elusive. However, relations with the United States, OPEC issues, and Hajj issues were all limited by domestic conditions.

In addition to the questions discussed above, it is also possible to examine whether Iranian accommodation changed in response to shocks or evolutionary changes. This stretches the literature to an extent. The logic behind the punctuated equilibrium (PE) model is that long-standing patterns of behavior require a significant shock before changes will occur. The PE model is therefore intended to explain the initiation of conflict resolution or accommodation, not the dynamics after it has started⁴²⁷. Nevertheless, it remains an interesting question. The answer in this context is mixed. When Iranian accommodation became more consistent, it was in response to relatively abrupt changes in Saudi reciprocity. In 1991, Saudi Arabia changed its approach toward Iran only after Iraq unexpectedly invaded Kuwait. Similarly, in 1997, the Saudis changed the direction of their relationship with Iran by suddenly approaching Rafsanjani in Pakistan. However, when Iran reduced the consistency of accommodation, the policy shift seemed to be slow and incremental. For instance, in 1992, Iran slowly became more assertive. First, Tehran criticized the 6+2 agreement, then the Abu Musa dispute began

slowly and gradually intensified, then Tehran became more critical of Saudi OPEC policy, and so on. While the rapprochement of 1997 developed very quickly, the changes in 1992 took more than six months to evolve. This suggests that accommodation may start quickly, but it unravels slowly.

It is also worth noting that permissive factors also seemed to develop in an evolutionary manner. At the international level, the regional balance of power took several years to emerge after the end of the Iran-Iraq war. The situation was in a state of flux until Iraq invaded Kuwait, and even then the post-Kuwait security order took time to emerge. First the Saudis and the GCC approached Egypt and Syria for security guarantees. The GCC states also discussed several plans for bolstering their own military capabilities⁴²⁸. There was even some speculation that Iran might become part of the arrangement. It was not until the middle of 1992 that it became apparent that the US was going to stay, sign bilateral agreements with the states of the GCC, and expand its presence. Indeed, Washington's "Dual-Containment" policy did not become official until 1994. This uncertainty is likely one of the reasons why Iran was less willing to tolerate America's presence in 1992 than it was in 1997. Domestically, it took several years for Rafsanjani and Khomeini'i to gradually consolidate their power and rationalize the state's institutions. This allowed for the smoother implementation of policy over the course of the 1990s.

⁴²⁷ Therefore, if the PE model does not hold for the dynamics of accommodation, it should not be taken as evidence that it does not apply to the initiation of accommodation or that it is lacking as a model for conflict resolution in general.

⁴²⁸ After the Kuwait crisis, Saudi Arabia and Bahrain favored building up the pre-existing Peninsula Shield Forces, while Oman suggested the creation of an integrated GCC military force with 100,000 personnel. See: Katzman, "The Gulf Cooperation Council: Prospects for Collective Security," 210-211.

Part 4
Conclusions

This conclusion will consist of four sections. The first will briefly review the nature of the Iranian-Saudi rivalry, and the policies of accommodation implemented by Islamic Republic. The second will discuss the explanations for Iranian policy provided in the preceding analysis and relate them to the findings of previous studies. The third will involve a preliminary comparison between the Iranian case and Syria's attempts to reach an accommodation with Israel during the 1990s. Syria represents another example of a regional challenger. Like Iran, it is a regional power, locked in a strategic rivalry with a regional US client state. As will be discussed, there are significant similarities between the two cases, which strengthens the conclusions drawn from the Iranian case, and suggests that the findings may be generalizable. There are, however, important differences between the cases as well. These differences will be examined to determine how much of the variation is due to differences in the characteristics of the rivalries, and how much is due to idiosyncrasies in Iranian policy making. The final section will examine the strengths and weaknesses of the methodology employed in this study, and discuss further avenues for research.

1. The Iranian-Saudi Rivalry and Iranian Policies of Accommodation: 1988 to 2005

The Iranian-Saudi rivalry fitted Thompson's three criteria for a strategic rivalry in the 1980s and continues to do so through the first decade of the 21st century. The two states perceive each other to be competitors, they perceive each other to be threats, and they perceive each other to be enemies. Their rivalry is complex. It is positional in nature, but it involves multiple dimensions. The two states compete for political/military influence in the Persian Gulf. They also compete ideologically. Saudi Arabia is a

conservative monarchy that maintains a strong alliance with the United States. The ruling principles of the Islamic Republic are based explicitly on the rejection of that political model. Indeed, the system was born of a revolution that overthrew a political system very similar to that of the Saudis. Although they both rely on Islam to legitimize their political systems, they also have competing visions of the religion. These differences are not simply domestic; both states have tried to spread their political and religious ideas across the Middle East and Islamic world. In fact, both states have seen the other's efforts to propagate its ideology as a challenge to their own legitimacy and, in fact, a form of political warfare. Finally, both states have competed within OPEC to set pricing and output policies. Although Saudi Arabia has by far the dominant position within that organization, Iran has tried to use its power outside the institution as a source of leverage.

The rivalry is also notable for its asymmetry and the role of the United States. American support for the Saudis has negated Iran's military advantage over Saudi Arabia and the other monarchies in the Persian Gulf. However, the dynamics of this strategic triangle are complex. Because of American support for the Shah, the animosity between Tehran and Washington has often overshadowed the Iranian rivalry with Saudi Arabia. Paradoxically, this has further locked Tehran into its rivalry with the Saudis while making it virtually impossible for it to win. Indeed, Iran's policies toward Saudi Arabia have often been held hostage to the rivalry with the "Great Satan". The American angle has also complicated Saudi policy making. Despite the benefits of America's military power, Riyadh's close relationship with Washington has been a political liability in the region, and most importantly at home. The political costs of American support have made Riyadh look for a balance in its relationship with Tehran. Although the Saudis have been wary of

letting Iran get too close, they have needed to maintain some distance from the US as well⁴²⁹.

The rivalry was at its most intense during the 1980s. During those years the revolution was still fresh and the ideological competition was at its height. The rivalry was also amplified by the Iran-Iraq war and the possibility of wider military conflict. As oil prices crashed, and the war put increasing pressure on Iran's economy, the competition within OPEC also reached its peak. By the end of the decade, however, Iran began looking for an accommodation with Saudi Arabia. As discussed at the beginning of this study, accommodation involves an effort to avoid conflict and confrontation despite the persistence of divergent interests. Iranian policy during the observation period was consistent with this definition. Tehran and Riyadh continued to have competing interests in each of the issue areas discussed above. Although the degree of accommodation between the two countries reached very significant levels, this did not change. Moreover, the two states continued to mistrust each other. Iranian policies were not intended to end the rivalry, but to manage it.

Iranian overtures toward Saudi Arabia began in October of 1988, and while the initiative did not meet with a great deal of immediate success, it was part of a broader, long-term policy change that included improving relations with the other members of the GCC. Despite its meager results, the initiation of Iranian accommodation has, therefore, been marked at this point.

Once underway, Iran's policy of accommodation went through a number of changes. These can be grouped into four phases. The first began with the initiation of

⁴²⁹ Author's interview with Dr. Mahmood Vaezi, Deputy of Foreign Policies and International Relations, Center For Strategic Research (also former Deputy Foreign Minister, 1987-1999) at Center For Strategic

accommodation and lasted until just after the beginning of the Kuwait Crisis (August 1990). During this phase, Iran's policy was inconsistent. While there was a significant degree of behavioral accommodation, as well as some evidence of substantive accommodation, there was still an element of assertiveness in Iran's policy toward Saudi Arabia. Tehran moderated its rhetoric to a significant degree, tried to reopen diplomatic channels, and pledged to respect the principle of non-interference in domestic affairs. However, the Saudis received a great deal of criticism in the Iranian press, and important members of the political elite publicly opposed any reconciliation.

This pattern continued until the invasion of Kuwait. Iran's neutrality during the crisis was reassuring to the Saudis, and the two states quickly began to rebuild diplomatic relations. Accommodation during this period continued to be predominantly behavioral. Although Saudi reciprocity did not meet all of Iran's needs, Tehran refrained, for the most part, from criticizing the Saudis and stayed out of the way during "Operation Desert Storm". The substantive element of Iranian accommodation also remained in evidence, at least in the Persian Gulf. The Islamic Republic pledged to respect the domestic political integrity of the GCC states and was willing to sacrifice political demonstrations at the Hajj to keep the Saudis satisfied. Tehran, however, was accused by the Egyptians and Algerians of interfering in their domestic affairs during the latter half of 1992⁴³⁰. The Iranian government also grew closer to the Sudan, which was sheltering a number of the region's militant Islamic groups.

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⁴³⁰ Algiers Radio Network, Algiers, FBIS-NES-92-225 (November 20, 1992). See also: Arab Republic of Egypt Radio Network, Cairo, FBIS-NES-92-226 (November 20, 1992). See also: MENA, Cairo, FBIS-NES-92-226 (November 21, 1992).

The first significant sign of problems emerged in March of 1991 when Tehran criticized the ill-fated 6+2 Agreement. From that point, Iran's policy slowly became less consistent and by December of 1992 the assertiveness of the first phase had returned. This was most evident in terms of behavioral policies. There were numerous criticisms of Saudi Arabia in the Iranian press and from Iranian officials –including Khomeini's. Iran also remained critical of the UAE and the other GCC states because of the Abu Musa dispute. During this time, Iran was also engaged in a significant rearmament program. There were also breakdowns in the substantive side of Iranian accommodation. Iran was accused by Bahrain of being behind a series of demonstrations and bombings and, most importantly, Iran was implicated in the Khobar Towers bombing. These latter incidents raised questions about Iran's commitment to respecting the regional political order and the sovereignty of its neighbors. Nevertheless, there continued to be important elements of behavioral accommodation in Iranian policy. Although Tehran was critical of the Saudis, the criticism was often muted and the two sides occasionally did meet to discuss their differences.

The longest, and last, phase of Iranian accommodation began with the election of Muhammad Khatami in 1997 and continued through his two terms in office. This period witnessed the most significant improvement in Iranian-Saudi relations and represented the most consistent period of Iranian policy. Through this period, Iran has been very reluctant to criticize the Saudis even though they have continued to have different interests and perspectives on a variety of issues. Indeed, during Khatami's second term in office Iran's policy of accommodation was severely tested by the US invasion of Afghanistan, increasing tension in American-Iranian relations, the preparations for the invasion of Iraq,

as well as events in Lebanon. Despite all of these pressures, Tehran maintained a policy of avoiding conflict with Riyadh. The substantive dimension of Iranian accommodation was also more pronounced. Tehran continued to pledge its respect for the sovereignty and legitimacy of its neighbors, and more importantly, there were no more incidents like the Khobar Tower bombings.

2. Theoretical Significance of the Present Findings

As discussed in the literature review, there is a diverse body of literature focusing on the issue of conflict resolution and/or rivalry termination. This literature suggests a variety of plausible independent variables. Unfortunately, the literature does not address the issue of accommodation in rivalries directly. Therefore, while earlier works are suggestive, they need to be refocused to better fit the problem questions at hand. Moreover, because the literature is so varied, it is difficult to distinguish competing explanations from explanations that are complementary. This study has attempted to deal with these issues by employing a framework of analysis that divides potential causal factors in terms of three types of causal role: motivating factors, stimulus factors, and permissive factors. By making this distinction, the framework employed here can achieve two goals. First, it can separate competing from complementary explanations. Second, it can examine how various causal factors interact to shape behavior. As has been argued in earlier pages, understanding the interaction of variables is critical to explain behavior in these types of cases. A single variable explanation will simply be insufficient.

The causal factors involved in the initiation of accommodation will be discussed first, followed by those involved in shaping the dynamics. In both cases, the discussion

will begin with motivating factors and then move on to cover stimulus and permissive factors. Finally, some comments will be made about the open-ended nature of Iran's policy of accommodation. Tehran was not able to terminate its rivalry with Saudi Arabia, nor did it return to a fully adversarial approach to the relationship. Therefore, some tentative explanations will be offered to explain why there was no "long-term" outcome to Iran's policy of accommodation.

The Initiation of Iranian Accommodation

As discussed in the preceding pages, the motivating factors behind Iranian policy making were examined along two different dimensions. They were analyzed in terms of a hierarchy of preferences/concerns and in terms of sensitivity to losses and gains. The results from this analysis do not fit easily within any of the dominant theories of state behavior in the international relations literature. Moreover, they do not correspond well with most of the debates that focus specifically on Iranian foreign policy.

It was argued that over the course of the 1980s, the nature of motivations evolved. In part this was probably due to learning. However, it also appeared to be the function of the revolutionary regime's political development. As the new political system was institutionalized and its power consolidated, the regime's preferences and concerns became more pragmatic. Ideology, which had driven the creation of the Islamic Republic as a political system, began to slip behind national security and regime security. Similarly, as the regime became more concerned about protecting what they had built in Iran and less concerned with spreading the revolution into new territories, avoiding losses seemed to take precedence over achieving gains. Motivations, nevertheless, remained

complex. Rather than a simple hierarchy, Iranian behavior suggested a dynamic, two-tier hierarchy, with regime security and national security occupying the top tier and ideology and economic growth occupying the second. Furthermore, prioritization within tiers seemed to depend on the prospect of losses. Tehran was willing to make minor concessions in one issue area to avoid absolute or permanent losses in the other. This is loosely consistent with non-compensatory, poli-heuristic models of decision making as discussed in the literature review.

This two-level, dynamic model of preferences differs from the dominant approaches in the literature, which have tended to conceptualize state interests in a fixed hierarchy. Even in the literature that focuses specifically on Iranian preferences, the main debates have been about whether Iran is realist or ideological. The approach offered here suggests a more nuanced position. Although realist concerns seemed to play the largest role in shaping Iranian policy, regime security, ideology, and economics all played a significant role. Foreign policy models that focus on developing states allow some room for complex hierarchies, but they too tend to be fixed to a degree. David's theory of omni-balancing suggests states will respond to the greatest threat. However, he suggests that in the developing world internal threats will be the most common. Therefore, a relatively fixed hierarchy will emerge with regime security at its head⁴³¹. Hinnebusch, in a variation on the omni-balancing argument, suggests that the hierarchy will be dynamic, but over the long term. Specifically, he argues that hierarchies will vary with degrees of state consolidation. As the state consolidates its hold on power and builds institutions, it will shift from an 'irrational' foreign policy driven by regime security and ideology to a more

⁴³¹ David, "Explaining Third World Alignment," 242-245.

‘rational’ agenda driven by national security and economic growth⁴³². This is largely consistent with the slow evolution of Iranian preferences described above. However, it cannot account for the short-term balancing of objectives, which was observed in this case.

This approach to understanding motivations clearly sacrifices a great deal in terms of parsimony, but it helps us understand several important aspects of Iranian behavior. First of all, it explains the emergence of a more pragmatic approach to foreign policy in Tehran. Had ideology remained the driving force behind decision-making, the pattern of behavior discussed in this study would have likely been very different. For instance, rather than trying to protect and/or rebuild its regional position, Tehran would have been more concerned with securing Iranian privileges at the Hajj. Secondly, the dynamic aspect of this approach allows us to understand some of the apparent inconsistencies in Iranian policy. At times, regime security has taken precedence over national security, and visa-versa. At other times, ideology or economics has seemed to be taking precedence. The model being used here helps explain how and when these shifts in priority have taken place. Any approach based on a fixed hierarchy would be forced to conclude that Iranian foreign policy is incoherent, and riddled with deep contradictions.

The description of motivating factors offered here also differs from the mainstream literature in that it focuses on the importance of losses rather than relative or absolute gains. This approach has gained some prominence with prospect theory, but it has proven difficult to test conclusively. The present study did not attempt to formally test prospect theory. However, by being sensitive to the issue of loss avoidance, this study is

⁴³² Hinnebusch, “Omni-Balancing Revisited Syrian Foreign Policy Between Rational Actor and Regime Legitimacy”.

better able to identify and explain certain patterns of Iranian behavior. For instance, this approach helps us understand why Iran passed up opportunities in 1991 and again in 2001. Had Tehran been concerned primarily with relative gains, Iran may have joined either Saddam Hussein during the Kuwait crisis or supported the Taliban during the Afghan war. In both cases, Tehran tilted toward the US, choosing a pragmatic, low-risk approach to both situations. This emphasis on loss avoidance also helps us understand how Tehran balanced competing demands in a complex political environment. Specifically, it helps explain Tehran's tendency toward satisficing rather than maximizing. Instead of taking decisions that would have maximized one concern over another, Tehran consistently made decisions that satisfied demands in one issue area without fundamentally sacrificing goals in another. Indeed, the whole idea of reaching an accommodation with Saudi Arabia can be seen in this light. Accommodation in the rivalry with Saudi Arabia allowed Tehran to balance national security with regime security and ideology with economics. An accommodation with the US, on the other hand, would have maximized national security and economics, but meant sacrificing regime security and the last vestiges of the revolution's ideology.

The stimulus factors behind the initiation of accommodation fall outside many of the mainstream debates in the literature. Although Iranian accommodation was most pronounced during the 1990s, it was not a function of the Cold War ending. The initiation of the policy actually took place before the fall of the Berlin Wall and at a time when the Soviets were still trying to expand their influence in the Persian Gulf. Accommodation was also not the product of a change in the bilateral balance of power. Saudi Arabia had improved its diplomatic position in the period immediately preceding the change in

Iranian policy, but it could not be argued that the Saudis were suddenly the stronger of the two parties. Indeed, head-to-head, Iran still had a sizable military advantage over the Saudi kingdom. The theories that focus on the domestic environment also fail to explain why Tehran's policy would change in the autumn of 1988. Although there was a change in leadership on the horizon, it came later and the old guard –primarily Ayatollah Khomeini- appeared to support the “Good Neighbor” initiative. Similarly, while there were signs of domestic exhaustion and the economy was weak, Iran was not facing an immediate crisis in either respect.

The key stimulus would appear to have been a decline in Iran's regional position. As the balance of forces in the Persian Gulf shifted increasingly against Tehran, they had little choice but to change their policies. This included not only their Saudi policy, but also their policies toward the rest of the GCC, as well as within their war with Iraq. This is broadly consistent with Lebow's and Zartman's arguments. Lebow suggested accommodation would be, in part, a response to a threat but he does not specify the analytical level: domestic or foreign (regional, bilateral, or global)⁴³³. Zartman suggested that a near or impending crisis was necessary before a conflict would be ripe for resolution. The events of 1988 certainly fit this criterion from Tehran's perspective. Within a period of approximately 8 months, Iran had to cope with a series of serious military losses to Iraq, the hardening of the GCC's diplomatic position, and the growing presence of the US Navy -accompanied by ‘Operation Praying Mantis’ and the downing of Iran Air Flight 655.

⁴³³ Lebow, “The Search for Accommodation: Gorbachev Comparative Perspective,” 171. According to Lebow, “the fundamental premise of need-driven theories of foreign policy is that serious domestic and foreign threats prompt proportionally dramatic responses.”

Regional decline is also consistent to a degree with Thompson's arguments about the termination in positional rivalries. He argued that the rivalry will terminate when one of the two parties gives up its aspirations to leadership. In this case, Tehran did not appear to be abandoning its leadership pretensions. Although it was not insisting on being the 'Gendarme' of the region, it still perceived of itself as the leading power in the Persian Gulf for reasons of history, military power, and geography (Iran possesses the largest coastline along the Gulf). Moreover, Iran consistently demanded some say in regional security matters, and chafed at any effort to isolate it in the region. Tellingly, Tehran also wanted regional security to be left to the littoral states -of which they were the most powerful- and argued that the Americans distorted the regional balance of power by supporting its smaller neighbors. Rather than abandoning leadership aspirations, Tehran was adjusting the way they were pursued. This, however, is exactly what accommodation entails. Although the interests remained divergent (the Iranians continued to vie for leadership with the Saudis), they were pursued in such a way to avoid or reduce conflict.

Of the permissive factors identified in this study, the most important would appear to have been anticipated reciprocity. As Lebow's argument would have predicted, the Iranians had reason to expect the Saudis would reciprocate their overtures. Although they eventually proved reticent, at the time of initiation, the Saudis were signaling that they were open to improved relations. Given the importance of reciprocity in shaping the dynamics of accommodation, it seems reasonable to argue that this was a key consideration at the implementation stage. It is worth noting that Zartman made a similar argument when he suggested that for conflict resolution to take place, the parties need to perceive a 'way-out'. This, however, is a bilateral approach to the issue. The presence or

absence of common ground is an aspect of the relationship between the two states. For a unit-level study, focusing on reciprocity is a better way to capture this element of policy-making.

Several of the other permissive factors are drawn from those that were discussed as potential stimuli. For instance, the declining Iranian economy and growing public dissatisfaction both acted as domestic level constraints on escalation. This narrowed the range of possible policy responses open to the Iranians, and made accommodation a more attractive option. Perhaps just as importantly, this domestic situation also put constraints on standing pat. Had Tehran tried to wait out the unfavorable balance of power, the domestic situation would have developed into a crisis, either politically or economically.

Escalation was also constrained at the external level. Bilaterally, the Saudis never had the offensive capability to threaten Iran, but they had shown themselves to be capable and determined to withstand Iranian pressure. At the global level, the balance of super-power capabilities and commitment was also tilted against Iranian escalation. The US was committed to preventing Iran from winning the war with Iraq or expanding its influence in the Persian Gulf and the USSR was either unwilling or unable to challenge them on the issue.

These factors are also consistent with Lebow's more general argument that escalation must be discredited before accommodation is likely to be pursued. Lebow, however, focused primarily on the external dimension of this. At the domestic level, he discussed the importance of reform programs⁴³⁴. This, of course, is tied to the idea that the domestic situation was deteriorating and that needed to be dealt with. These programs, he argued, are dependent on accommodation for success and therefore act as a domestic-

level constraint on escalation. In the Iranian case there is some evidence of reform programs playing a role in shaping the decision to pursue accommodation. Rafsanjani and his informal party, 'The Servants of the Reconstruction', clearly had a reform agenda which they linked to better foreign relations and increased foreign investment. However, not all of the Iranian political elite shared this agenda, and many of them -including both Khomeini and Khomeini's- supported accommodation as well. This suggests the reform programs were not, independently, a key factor in the decision. Rather they are a further symptom of decline that constrained both escalation and standing pat.

To an extent these constraints on escalation were also consistent with Zartman's idea of a mutually hurting stalemate. If escalation was not a viable option, then the situation, at least from the Iranian perspective, was essentially stalemated. If we stretch things a bit, even the idea that stalemate was hurting is also helpful. One of the reasons why escalation was discredited from the Iranian point of view was that it had been so costly and painful in the past.

From a theoretical perspective, one of the most surprising findings of this study concerns the limited role of the United States as a powerful third party. The US certainly did play a role in constraining Iranian options, but they did not act as facilitator in the process. Because of the various Arab-Israeli peace initiatives in the 1990s, a great deal of literature has emphasized the importance of American incentives and security guarantees. Although Zartman's work was not specifically directed toward the United States, it was written as a guide to third party mediators. In the Iranian-Saudi case, no state really played this role. In several cases, the Omanis and the Syrians acted as intermediaries, but

⁴³⁴ Ibid., 171-174.

they were simply providing ‘good offices’. They were not providing incentives or guarantees. The Iranians and the Saudis essentially had to work things out on their own.

Another of Zartman’s factors, a valid spokesman for peace, also seems to have a limited role in this case –at least in terms of the initiation of accommodation. In 1988, the closest there was to anyone playing this role was Rafsanjani. He was the architect of the “Good Neighbor” policy. The Saudis recognized he was sincerely trying to improve relations and he played a necessary role in Iran articulating the idea of accommodation and convincing Khomeini. However, Khomeini was still the dominant actor in Iranian politics, and the Saudis had doubts about Rafsanjani’s ability to deliver on his promises. Moreover, within Iran, Rafsanjani faced a significant amount of political opposition at the time. He was not someone that the Iranian elite would follow down the uncertain and risky path of peacemaking. Indeed, once Khomeini died and there was no one to shield him, there was increasing opposition to Rafsanjani and his “Good Neighbor Policy”. To the extent that Rafsanjani played the role of ‘valid spokesman for peace’, he played it weakly. While it can be argued that accommodation required a valid spokesman once it was underway, initiation did not seem to need one.

The role of factional politics as a permissive factor is also somewhat ambiguous, and can be interpreted in two ways. In one sense, factional politics seemed to be of limited relevance. As noted above and elsewhere in the study, Rafsanjani had more than his share of political enemies and he was still able to oversee the change in Iranian policy. However, one could argue that the fact that Rafsanjani had sufficient foreign policy autonomy to direct such a change in policy is highly significant. Given the nature of the

Iranian political system and the history of factional politics interfering in foreign policy, such autonomy cannot be taken for granted and needs to be made note of.

Finally, learning did seem to play a role in shaping Iranian behavior. Although learning did not appear to play a role in interpreting the stimulus, it did seem to play a role in the way Tehran interpreted its options. In the early years of the Islamic Republic, escalation was the preferred coping strategy even when the balance of power was against them. It was only with experience that they came to realize that this approach had only made them more enemies and increased their isolation. As Lebow argued, escalation had to be discredited.

Summary

Taken as a whole, the observations made above can be summarized by combining elements of Lebow's ideas with those of Zartman and modifying them. First of all, the regime has to anticipate that their overtures will be reciprocated. Second, there needs to be a recent or impending crisis that acts as a stimulus for policy change. The Iranian case suggests that this will be a foreign policy crisis rather than a domestic crisis. Moreover, for a regional power, such as the Islamic Republic, which is engaged in a positional rivalry, the crisis is likely to involve a loss in regional position. Third, escalation has to be discredited. It is probably not enough that the balance of power is against the regional challenger. The Iranian case suggests that there has to be some experience with failure that teaches decision makers the costs of escalation. The crisis, and the discrediting of escalation, may not force the regional challenger to give up its leadership ambitions, as suggested by Thompson. However, for accommodation to occur, they must force

decision-makers to conclude that they cannot achieve their goals through an adversarial strategy. Fourth, there also have to be constraints on standing-pat. If there are not, the regime may simply try to wait the situation out and hope escalation will be a viable option in the future. The Iranian case suggests this permissive factor will operate at the domestic level. If a declining balance of power forced Iran to forego escalation, the declining domestic situation meant the regime did not have the option of waiting. This suggests that accommodation will be more likely when the regional challenger is experiencing decline both inside the country and out. Finally, regime motivations have to be pragmatic, and the regime has to be more sensitive to losses than gains. In the Iranian case it was argued that motives were dominated by national and regime security. Ideology was also present in the mix, but it played a lesser role in shaping policy. If decision makers were still driven by ideology, they might have ignored or underestimated the importance of the crisis in 1988. They may have also failed to adequately understand the practical constraints on their policy options. The growing pragmatism in Iran's motivations was coupled with a switch in emphasis from gains to losses. If this had not happened, and Iranian decision-makers had still been focused on exporting the revolution to other countries instead of protecting it in Iran, they might not have weighted the objective environment in the same way.

In recent versions of his ripeness theory, Zartman has made distinctions between the core factors that define ripeness and secondary factors that may be helpful, but not essential⁴³⁵. This is a useful distinction in this case as well. The first of these secondary factors is the presence of a valid spokesman for peace. Rafsanjani acted as such a spokesman, but he did so weakly, suggesting that this is a non-essential factor. However,

⁴³⁵ I William Zartman "The Timing of Peace Initiatives: Hurting Stalemates and Ripe Moments The Global Review of Ethnopolitics" Vol. 1, no. 1, September 2001, p.10

he did facilitate the process, and it cannot be assumed that it would have happened without him. Moreover, because of the specifics of the Iranian-Saudi case, a weak leader may have been all that was necessary. In other cases, such as the Israeli-Egyptian case, a more powerful figure like Anwar Sadat may have been needed. A second factor is domestic reform programs. Although they are probably as much an indicator of other factors (domestic decline) as they are an independent factor on their own, they may have some value added. If the regime was committed to domestic reforms, this may act as a further constraint on escalation or standing-pat. Finally, there is the mediation of powerful third parties, specifically, the United States. Like a valid spokesman for peace, this factor was not necessary in the Iranian case. However, in other cases, it may be necessary for Washington to shepherd the process along by providing incentives and guarantees.

| Causal Factors and the Initiation of Iranian Accommodation | |
|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Primary Causal Factors | |
| <i>Type of Causal Role</i> | <i>Specific Factor</i> |
| Motivating Factors | 1. Emphasis on pragmatic concerns (regime and national security) over ideology. |
| | 2. Emphasis on avoiding losses rather than achieving gains. |
| Stimulus Factors | 1. Recent or impending crisis involving regional losses. |
| Permissive Factors | 1. Anticipated reciprocity 2. Domestic constraints on standing-pat. 3. Escalation discredited by the objective balance of power and past experience |
| Secondary Causal Factors | |
| <i>Type of Causal Role</i> | <i>Specific Factor</i> |
| Permissive Factors | 1. Valid Spokesman for Peace 2. Domestic Reform programs 3. Powerful Third Party (US) Mediation |

Table 4. Causal Factors and the Initiation of Iranian Accommodation

The Dynamics of Accommodation

The motivating factors behind Iranian policies did not fundamentally change over the course of the 1990s. Therefore, the observations about the nature of Iranian motivations made in the preceding section continue to hold in terms of the dynamics of accommodation. Iranian motives continued to be dominated by pragmatic concerns (regime security and national security) rather than ideology, and the regime seemed more concerned with avoiding losses than achieving gains. This has important implications for our understanding of the dynamics of Iranian accommodation. First of all, the consistency in Iranian motivations means we cannot explain variations in the dynamics of accommodation in terms of changing regime motivations. Second, these motivations help us understand Tehran's preoccupation with Persian Gulf security issues. As will be discussed below, Persian Gulf security appeared to be the most important issue area among both the stimulus factors and the permissive factors. Third, the dynamic model of motivations being used here helps explain the way Tehran balanced the often competing demands it faced. The pattern of satisficing rather than maximizing was discussed in terms of the initiation of accommodation, but it is probably more important in terms of the dynamics. Iranian decision-makers had to make more choices and the choices involved more complex trade-offs. A fixed, one-dimensional, hierarchy of interests that did not take into account the importance of loss avoidance would not be able to account for the pattern of behavior observed here.

It was argued in this study that the primary stimulus factor behind changes in Iranian accommodation was changes in Saudi reciprocity, in particular changes in their position on Persian Gulf security issues. This is essentially a realist type argument and it

goes against much of the literature on Iran, which tends to emphasize the importance of domestic politics. Policy changes have been explained typically as the result of factional infighting or the rise of new political figures, such as Muhammad Khatami⁴³⁶. Although the most consistent period of Iranian accommodation coincided with Khatami's presidency, the shift in Iranian policy actually predated Khatami's election and began with the Saudis approaching Tehran. Similarly, changes in the dynamics of accommodation do not vary closely with increases or decreases in factional competition. There was a spike in factional politics just about the same time that the third phase of accommodation began, but neither the beginning of the second nor the fourth periods corresponded to changes in the level of domestic infighting.

The importance of regional security issues was demonstrated by the types of compromises Iranian decision-makers were willing to make. Tehran was willing to compromise on hajj issues and it was willing to be patient in OPEC. However, once the Iranians began to feel that Riyadh was still trying to keep them isolated in the Persian Gulf, accommodation gradually became less consistent and a strong element of assertiveness reemerged in Iranian policy. Indeed, the consistency of Iranian accommodation did not improve until the Saudis demonstrated they would accept Iran playing a larger diplomatic role in the region.

This argument is consistent with the interpretation of Iranian foreign policy offered by Byman, Chubin et al. They argued that Iran's policy was security driven rather than ideological. Moreover, they argued that it was based on consensus building and

⁴³⁶ See for example: Jalil Roshandel, "Iran's Foreign and Security Policies: How the Decision-making Process Evolved," *Security Dialogue* vol. 31, no. 1 (March 2000).

internal negotiation rather than the uncoordinated, unilateral policy initiatives of competing factions⁴³⁷.

The realist literature also suggests that rivalry behavior may change as a result of variations in the balance of power and/or the emergence of regional crises. There is some surface evidence of Iranian accommodation changing at such times but, as discussed in earlier pages, this is largely illusory. Nevertheless, these theories should not be discarded. Iranian policy changes may have been spurred by changes in Saudi reciprocity, but Saudi reciprocity did appear to be linked to changes in the regional environment. In 1988, when the Saudis signaled a willingness to reciprocate Iranian accommodation, they were concerned by the escalations in the Iran-Iraq war, the possibility of an outright Iraqi victory, and America's growing military involvement in the situation. With UNSCR 598 in place, those concerns were mollified, and the Saudis grew cool to Iranian overtures. In 1991, the Saudis once again were faced with a regional crisis, and once again they reached out to Tehran. Once the crisis was over, they looked away from Iran, first to the Egyptians and Syrians, and then to the United States. Finally, even in 1997, the Saudis were concerned by the Khobar Tower bombing and the prospect of a showdown between the US and Iran. If the Iranian-Saudi rivalry is approached from a bilateral perspective, these regional arguments are extremely useful in understanding the variations in the relationship. From the unit-level of analysis, which is being adopted here, this pattern is not as obvious. With the focus on the direct stimulus for policy change, the indirect relationship becomes somewhat obscured.

⁴³⁷ They also argue that consensus building was more successful when dealing with security issues than it is with domestic politics. See: Chubin et al. (1996) p.52 and p.101.

If Tehran changed the way it pursued accommodation on the basis of the variations in Saudi reciprocity, the nature of those changes was determined by permissive factors. The analysis of Tehran's responses to Saudi reciprocity in this study was broken down essentially into a series of questions: When was Tehran satisfied by Saudi reciprocity? How did Tehran react when it was dissatisfied? What type of accommodation did it pursue when it was satisfied, behavioral or substantive? To what extent was the implementation of policy choices impacted by factional political opposition? And, what role did the United States play?

Because accommodation has been understudied, these questions are not addressed in exactly the same way by the literature. Nevertheless, Janice Gross Stein does touch upon several of these issues in her analysis of the Israeli-Egyptian peace talks in the late 1970s –although, of course, she does not use the type of framework being applied in this study. In particular, she focuses her attention on the question of what determined whether the Egyptians accepted Israeli reciprocity. As in the Iranian case, Sadat's decisions were not based solely on what the Israelis were offering. Indeed, Israeli reciprocity fell well short of what Sadat initially wanted. However, what he was willing to accept –his “acceptability-set” in Stein's words- was defined by other political factors. First, the costs of not reaching a settlement with the Israelis were, according to Stein, “overwhelming”⁴³⁸. With the country's economy disintegrating, Cairo desperately needed American aid to maintain the stability of the regime. However, Washington made financial support contingent on a peace deal with Israel. Moreover, if the status quo prevailed, Egypt would continue to spend approximately 50% percent of its gross GNP on the military and would

⁴³⁸ Stein, “The Political Economy of Security Agreements: The Linked Costs of Failure at Camp David,” 90.

not have access to the approximately one billion dollars worth of oil reserves in the Sinai⁴³⁹. Second, Cairo had no escalation option. With political pressure mounting, if the government did not get some type of settlement on the Sinai Peninsula, they would likely be forced into another war with Israel⁴⁴⁰. This might relieve the domestic pressure to a degree, but there was little chance of military success. Although the 1973 war was a political victory for Sadat, it was not a military victory. After the initial battlefield successes, the fighting ended with the Egyptians surrounded. Moreover, the success of the initial attack was based on a combination of surprise, Israeli errors, and the short-term advantage provided by Soviet SAM-6 missiles⁴⁴¹. Egypt could not count on such favorable conditions a second time. The net result of these conditions is that Sadat had little choice but to accept what Israel was offering.

Although there are important differences, this account is consistent with what was described in the Iranian case in several important ways. In both cases, reciprocity was, by itself, only part of the political equation. Iran's response to Saudi reciprocity appeared to depend on the potential costs of non-agreement, as well as the potential for escalation. Iran also appeared to calculate how far they could reasonably expect the Saudis to go in terms of concessions.

Where the two cases differed though, was in the type of pressures that were driving their calculations. According to Stein, Sadat's acceptability-set was defined

⁴³⁹ Ibid., 86.

⁴⁴⁰ Ibid., 88.

⁴⁴¹ For a discussion of these factors, see: Janice Gross Stein, "Calculation and Miscalculation and Conventional Deterrence I: The View From Cairo," in *Psychology and Deterrence, Perspectives on Security*, ed. Robert Jervis, Richard Ned Lebow, and Janice Gross Stein, *Psychology and Deterrence, Perspectives on Security* (Baltimore, Md.: Johns Hopkins University Press, 1985). See also: Janice Gross Stein, "Calculation and Miscalculation and Conventional Deterrence II: The View From Jerusalem," in *Psychology and Deterrence, Perspectives on Security*, ed. Jervis, Lebow, and Stein, *Psychology and*

primarily by domestic politics rather than realist, balance of power issues. Over the course of the negotiating period, Sadat was forced to abandon or weaken many of his core demands even though the balance of power between Egypt and Israel remained essentially the same⁴⁴². As the economy broke-down and political opposition grew, he was forced to expand the scope of Egyptian disarmament, accept from Israel a weakly worded commitment to Palestinian self-determination, and agree that there would be no linkage between the Egyptian-Israeli agreement and the success of the Palestinian negotiations. Moreover, even to achieve this level of reciprocity, Sadat had to aggressively pursue the deal with both the Americans and the Israelis. His trip to the Israeli Knesset in Jerusalem forced the issue, particularly with the government of Menachem Begin in Israel. It also tied his personal fate to the success of the negotiations. The failure to reach a deal would likely have signaled the end of his political career⁴⁴³.

On the Iranian side, Tehran's acceptability-set seemed to vary more in terms of the external environment. The domestic environment remained fairly consistent during the 1990s. There were serious problems and the specter of long instability, but no immediate crises as there were for Cairo. The regional situation after the Kuwait Crisis was less threatening than it was in 1997. Moreover, it appeared to be in a state of flux.

Deterrence. Based on the arguments made in these chapters, it is hard to believe that the 1973 surprise attack could be repeated with the same level of military and political success.

⁴⁴² There were two periods of negotiations between Cairo and Tel Aviv: November 1977 and September 1978.

⁴⁴³ Stork's analysis of the Egyptian predicament and Sadat's decision making is somewhat different than that of Stein. Stein argues that Sadat's speech in the Knesset was shrewdly calculated to gain public support for a peace deal in Israel and the US. However, Stork depicts Sadat as an impulsive amateur. Egyptian concessions, according to Stork, were not compelled by the domestic situation but by Sadat's poor strategy. By going to the Israeli Knesset, Stork reasons that Sadat gave away his bargaining leverage. Therefore, it was strategic ineptitude that accounts for Egyptian concessions, not domestic economic and political pressures. See: Stein, "The Political Economy of Security Arrangements: The Linked Costs of Failure at Camp David," 86-87. See also: Joe Stork, "Sadat's Desperate Mission," 257.

Tehran may have believed that it could wait for more from the Saudis, and perhaps even push a bit -as long as it was careful.

It is important to note, though, that while the Egyptians and the Iranians seemed to be focused on different levels of analysis, loss avoidance was an important theme in both their calculations. As Stein argues, Sadat was faced with the prospect of absolute loss – the collapse of the regime. The Iranians had been driven to accommodation by loss avoidance from the start. It was a key element in the decision to initiate accommodation in late 1988. By the end of 1992, Tehran had recouped some of the position it had lost during the 1980s, but it was still in a much weaker position than it had been before the revolution.

The final point of comparison to be made here concerns the issue of satisficing. Based on Stein's analysis, it would appear that Sadat was maximizing regime security, while accepting long-term losses in the areas of national security, power and influence. This would appear to differ from the Iranian pattern of satisficing rather than maximizing. On closer inspection though, it is not clear that Sadat was consciously conceding Egyptian power and influence. Sadat may have believed that he could lead the Arab world into peace with Israel. Because of its strategic position, population and historical prominence, there has been a saying in the Middle East: there is no war or peace without Egypt. Without Egypt's weight in the strategic equation, Sadat may have believed that the other Arab states would eventually have no choice but to follow Cairo's lead, despite their initial objections. Moreover, had he not achieved some sort of deal, the prospects for Egyptian leadership no less problematic. Given Sadat's perspective on Egypt's situation, Cairo faced the prospects of economic collapse, internal chaos, and another war with

Israel which they could not win. That could hardly have been seen as a formula for regional leadership⁴⁴⁴. In the short to medium term, however, Sadat was obviously wrong. Egypt was expelled from the Arab League for a period for approximately 10 years. However, this was miscalculation, perhaps driven by cognitive dissonance⁴⁴⁵. It is not strong evidence that he tried to manage competing motivations any differently than the Iranians.

Several things can be concluded from this discussion. First, accepting reciprocity may have as much to do with the permissive factors in the operating environment as it does with the “objective” level of reciprocity. Second, the most important levels of analysis involved in defining a state’s acceptability-set may vary. In the Iranian case, it was the external environment, but the Egyptian case demonstrates that it could have just as easily been the domestic environment. What is important is that the most important factors will involve the threat of losses. This, of course, is consistent with what has been argued throughout this study in terms of motivations. The decision-maker’s hierarchy of concerns will be topped by regime security and national security, with priority going to the one which is most threatened.

Between 1988 and 2005 there were four points where Saudi reciprocity changed. In 1989 and 1992 reciprocity did not meet Tehran’s acceptability set, in 1991 and 1997 it

⁴⁴⁴ In the words of Beverly Milton-Edwards, “Sadat believed Egypt’s regional role would be better served with support from the United States”. See: Beverley Milton-Edwards, *Contemporary Politics in the Middle East* (Cambridge, UK: Malden, MA: Polity Press ; Blackwell Publishers, 2000).71.

⁴⁴⁵ Cognitive dissonance theory, as formulated by Leon Festinger, suggests that when individuals are confronted with information that contradicts deeply held beliefs, they experience stress. Therefore, they will change their perceptions and/or interpretations of the new data so that it is more consistent with their old beliefs. In the international relations literature, this theory has been used to explain the cognitive errors of decision-makers faced with incompatible goals. Rather than accept that they will have to sacrifice one goal to achieve the other, they convince themselves that their policy choices can actually achieve both.

did. The first two cases resulted in Tehran adopting a cautious policy. Rather than escalating the rivalry, Tehran reduced the consistency of their policy. Elements of assertiveness were mixed with elements of accommodation. This policy was dictated by conditions in both the internal and external environments. Externally, the balance of power weighed heavily against escalation. The Saudis had shown they could not be pressured by Tehran politically, and militarily the country was constrained by Iraq and US military forces in the region. Domestically, the situation was nowhere near as bad as that in Egypt, but the economy and political system could not withstand the strain of another extended period of conflict.

It is interesting to contrast this with the circumstances faced by Egypt in 1973. The contexts are somewhat different in that one cannot describe either Egyptian or Israeli policy within the conflict as accommodating. However, Egypt had made direct diplomatic overtures and tried back-channel diplomacy through Washington, but Israel was unresponsive⁴⁴⁶. The 1973 war, therefore, provides what appears to be a contradictory example. At that point in time, the overall balance of power seemed to greatly favor Israel⁴⁴⁷. Nevertheless, Cairo launched a surprise, limited-aims attack against Israeli positions in the Sinai Peninsula. This would seem to suggest that constraints on escalation were secondary to the lack of reciprocity in Sadat's calculations. A closer look, however, suggests the situation facing Sadat was complex. He not only had to face an unfavorable balance of power, as was the case in 1977-1978, he also faced serious domestic challenges to his regime. The pressure was in part due to the country's economy, but it was mostly focused on the continuing stalemate with Israel. After calling 1971 the "Year

⁴⁴⁶ Stein, "Calculation and Miscalculation and Conventional Deterrence I: The View From Cairo," 50.

of Decision”, Sadat could no longer wait for Israeli reciprocity⁴⁴⁸. He had to escalate the conflict regardless of the overall balance of power.

Stein argues that Sadat’s decision-making did not fully meet the criteria for rationality in that it overestimated the chances of military success, and did not adequately factor in the potential for Israeli retaliation. Nevertheless, Sadat’s behavior does demonstrate that the balance of power is only likely to be challenged when the regime is under extreme stress, which was not the case in Iran. Moreover, Sadat’s choices in 1973 are consistent with the emphasis placed on loss avoidance in this study. Had Sadat not pursued such a risky course of action, Stein argues that he was convinced that his government would fall.

In the second two periods (1991 and 1997) when Saudi reciprocity fell within Tehran’s acceptability-set, accommodation was predominantly behavioral. Although Tehran’s interests were still at odds with those of Riyadh, they muted their criticism and maintained dialogue, and looked for ways to avoid confrontation. Substantive accommodation, however, was more limited. Although Iran still did not accept the regional order in terms of influence and diplomatic position, it accepted the make-up of the state system and the sovereignty of its neighbors over their own domestic affairs. Even though the last phase of accommodation lasted more than eight years, this really did not change. Tehran’s interests remained at odds with those of Saudi Arabia in the Persian Gulf, in OPEC, and in the Islamic world. Their interests also conflicted on the issue of America’s role in the Middle East. While Saudi Arabia saw Washington as a bulwark

⁴⁴⁷ The Egyptian military could not successfully launch a full assault against the Israeli military. However, they believed they might be able to successfully fight a limited conflict in the Sinai. See: *Ibid.*, 46-47.

⁴⁴⁸ Stork, “Sadat’s Desperate Mission,” 258.

against Iranian and Iraqi power, Tehran saw the Americans as a foreign influence which upset the natural balance of the region and, most importantly, limited their influence.

Again, it is interesting to contrast this situation with the Egyptian-Israeli case. Egypt, under Sadat, went much further to achieve a substantive accommodation with Israel. Most importantly, Cairo fundamentally reinterpreted its interests in ways that reduced or even eliminated the differences between themselves and Israel. These changes came under the banner of an “Egypt First” policy⁴⁴⁹. Cairo continued to see itself as the leader of the Arab world, but saw itself as the leader in peace rather than war. Consequently, Cairo recognized Israel and its legitimate right to exist in the Middle East, and accepted the full normalization of relations⁴⁵⁰. Cairo also re-conceptualized its role in the region. It was no longer the leader of all the Arab people, but simply the leading Arab state. This transition from Arab nationalism to Egyptian nationalism meant Cairo no longer had to put pan-Arab interests ahead of state interests. This allowed Cairo to distance itself from the Palestinian issue to a degree, and pursue separate negotiations with Tel Aviv. Finally, Cairo reconsidered its ideological commitments, no longer conceiving of its interests in anti-western, Arab-socialist terms. This allowed Egypt to join Israel as a US client state.

Substantive accommodation was therefore far more advanced in the Egyptian case. There would seem to be two reasons for this. First, Sadat was under an incredible amount of pressure. He had to make radical changes to the Egyptian political system and its foreign policy orientation or the regime would collapse. Second, Sadat was able to redefine Egyptian interests in these ways because they were not fixed. These interests

⁴⁴⁹ Lorenz, *Egypt and the Arabs: Foreign Policy and the Search for National Identity*, 86.

⁴⁵⁰ Milton-Edwards, *Contemporary Politics in the Middle East*, 116.

were defined in terms of ideology, identity, and role perception. The divisions between Iranian and Saudi interests were far more rigid. The regional distribution of power in the Persian Gulf locked Iran and Saudi Arabia into a natural state of competition within the region. Similarly, the differences in their resource endowments made them natural competitors in OPEC. These issues could not be re-defined or reformulated. Even in the Islamic world, the Shi'a-Sunni split created a permanent divide, which was exacerbated by the *Wahhabi* interpretation of Sunni Islam practiced in Saudi Arabia. The only place where there was room for Tehran to redefine its interests was perhaps in terms of the United States. Unlike the regional distribution of power, or differences in resource endowment, this issue is largely a question of ideology, identity, and role perception. If Tehran was sufficiently motivated, it could conceivably reconsider its commitment to these interests and principles in the same way it reconsidered its commitment to exporting the revolution to the rest of the Middle East. Indeed, there have been many rumors that Rafsanjani tried to achieve this while in office and one could argue that Khatami's policy of "Dialogue of Civilizations" also had this as a goal. In 2001, during the Afghan crisis, there was talk of such a transformation taking place. There would appear to be at least three reasons why Tehran has not re-conceptualized its relationship with America in this way. First, and foremost, the regime has never felt pressured enough to take such a risky step, leaving people like Rafsanjani and Khatami without sufficient support. Sadat may have saved the regime, but he paid for his policies with his life. In the Iranian context, such actions could undermine the foundations of the regime, laying the way open for a 'velvet revolution' that would sweep the Islamic Republic away. At least through 2005, neither the internal or external pressures on the regime could justify such a gamble⁴⁵¹.

⁴⁵¹ As noted in earlier pages, a "grand bargain" was rumored to have been offered to the Americans in 2003.

Second, there have always been questions about how the United States would respond. Tehran may have anticipated reciprocity from Riyadh, but Washington has at best sent mixed signals. Tehran felt rejected by the Americans after the both the Kuwait and the Afghan crises. Indeed, during an interview in the midst of the Afghan crisis, one former Iranian diplomat argued that Washington would turn on Iran once it was over, just as they had after Kuwait⁴⁵². Third, and finally, American-Iranian relations have been greatly complicated by factional politics. Rafsanjani and Khatami either had to pursue their agendas in secret or couch them in vague diplomatic and philosophical language. Anybody besides Ali Khomeini'i openly advocating such a move prior to 2005 was taking an incredible personal risk, particularly given the uncertain US response. Ironically, one of the reasons Washington has been reluctant to respond to Iranian overtures is because they have been too vague, and it has never been clear that the individuals involved have had the political power to deliver on their promises.

The final question examined in terms of dynamics was the impact of factional politics on the implementation of policy. As discussed, factional politics appeared to have a limited and indirect influence over the implementation of Iranian accommodation. Factional interference appeared to be at its height at points in time when Saudi reciprocity was weak, which left Rafsanjani and his policies vulnerable to criticism. This was most evident immediately after Khomeini died and hard-liners within the Iranian government were critical of Rafsanjani's "good neighbor policy". It was also evident between 1992 and 1997, during which time even Khomeini'i joined Rafsanjani's critics. However, when

If this was indeed the case, it suggests that the pressure on Tehran may have reached the necessary level after the invasion of Iraq.

reciprocity fell within Tehran's acceptability set, there was little in the way of factional interference.

The only exception to this pattern was relations with the United States. Because this issue had such symbolic power, and because it was so intimately tied into the regime's legitimacy formula, factional politics continued to play an important role in setting and implementing policy. Had Rafsanjani been able to improve relations with Washington, this would have greatly simplified relations with the al Saud. However, as noted in the pages above, it would have taken extremely dire circumstances before an Iranian president could have openly advocated normalizing ties with the Americans. Under any other circumstances he would have been committing political suicide. Nevertheless, when we examine Iranian-Saudi relations over the course of the 1990s and through to 2005, this aspect of Iranian policy does not appear to play a decisive role in Iranian-Saudi relations. American-Iranian tensions may complicate the relationship, but the Saudis approached the Iranians in 1997, while the bombing of the Khobar Tower was fresh on Washington's mind. Moreover, the Iranian-Saudi accommodation was able to withstand the spiraling Iranian-American tensions that developed after January 2002.

To the extent that this analysis is correct and that the impact of factional politics seemed to vary as a function of Saudi reciprocity, it is possible to draw a further parallel with the Egyptian case. Sadat also faced significant opposition to his foreign policy plans. However, when it was necessary, he was able to overcome any domestic constraints on foreign policy making. This was true both in terms of the 1973 war and the Camp David Accords. When members of the government questioned the wisdom of Sadat's strategy,

⁴⁵² Author's interview with Dr. Mahmood Vaezi, Deputy of Foreign Policies and International Relations, Center For Strategic Research (also former Deputy Foreign Minister, 1987-1999) at Center For Strategic

they were removed from their positions⁴⁵³. Sadat was equally ruthless with opposition from the civilian population, particularly in the late 1970s. The contexts are different in a number of ways; most importantly Sadat was managing domestic threats to regime security while the Iranians were managing external threats to national security. In both cases, however, when there was an intense threat to a first-tier issue (regime security or national security), and the head of state was able to overcome internal divisions to implement policy.

Summary

Several conclusions can be drawn from this discussion. Once again, the regime has to maintain a pragmatic rather than ideological hierarchy of preferences. If either Iran or Egypt had focused on ideological goals or values instead of regime security or national security, their behavior would have looked extremely different. Iran and Egypt differed in that the former focused on regime security whereas the latter focused on national security. Nevertheless, the behavior of both is consistent with the two-level, dynamic model of motivations discussed in this study. They were both driven by first-tier issues. The difference in emphasis can be accounted for by the prospect of long-term or immediate losses. Iran was recovering from loss in regional position, while Egypt faced, in Stein's words "absolute losses" in terms of regime security. Moreover, both their patterns of behavior demonstrated a tendency toward satisficing rather than maximizing.

Research, Tehran, December 10, 2001.

⁴⁵³ This included generals before 1973 who thought his plan to attack Israel was reckless (see: Stein, "Calculation and Miscalculation and Conventional Deterrence I: The View From Cairo," 46.), as well as cabinet ministers and officials that questioned his plans to make peace with Israel and shift alliances to the Soviet Union (see: Stein, "The Political Economy of Security Arrangements: The Linked Costs of Failure at Camp David," 88.)

The stimulus for policy adjustments was variations in the level of Saudi reciprocity. Domestic politics and regional developments were involved by way of permissive causality, but they did not appear to set policy changes in motion. The response to reciprocity, however, was complicated. Iran's satisfaction with reciprocity was not so much a function of the objective level of reciprocity as it was of permissive factors. This was also the case with Egyptian example as well. Again, they differed in that Iran's "acceptability-set" was defined by permissive factors in the external (regional) environment while Cairo's level of satisfaction was determined by domestic conditions. Nevertheless, as noted above, this difference is understandable in terms of the importance of loss avoidance.

In those cases where Iran was not satisfied with the level of reciprocity, its response was restricted to implementing a mixed policy of accommodation rather than escalation. Due to a very unfavorable balance of power, and continued domestic constraints on international conflict, Tehran did not abandon accommodation. It simply made accommodation less consistent. Tehran was fortunate, however, in that it did not face severe pressure to force a change in reciprocity. During the 1973 war, domestic pressures forced Sadat to launch a desperate challenge to the balance of power. Indeed, even in 1977, domestic pressure forced Sadat on an equally risky mission to make peace. Iran, on the other hand, was able to stand pat until the Saudis decided to change the level of reciprocity for their own reasons.

When Tehran was satisfied by Saudi reciprocity, accommodation was limited by relatively fixed interests. Although Tehran could, conceivably, change the way it defined its interests vis-à-vis the United States, the regional balance of power, ethnic/religious

divisions, and the nature of Iranian resource endowments were not issues that could be re-framed or reinterpreted. As discussed, Egypt went further than Iran in terms of substantive accommodation, but on issues where interests could be redefined. And even then, these interests were only redefined under extreme duress. Tehran did not face the same level of pressure and subsequently did not redefine its understanding of relations with Washington –although it did seem to come close a couple of times. Once again, the pattern of behavior is one of satisficing rather than maximizing. The regime in Tehran would rather have an imperfect accommodation with Saudi Arabia than risk changing the system’s legitimacy formula.

Finally, factional politics appeared to have a limited impact on the implementation of accommodation. Opposition factions were able to intervene in Iranian-Saudi relations when reciprocity was weak, but when the Saudis were within Tehran’s acceptability set, both Rafsanjani and Khatami were able to implement their policies without significant interference. This suggests that reciprocity either provided the leadership with sufficient political capital to overcome factional resistance, or, if securing reciprocity was important enough, that they would invest what political capital they had to make sure there was no interference. Although Khatami’s rise to power did not act as a stimulus, it is possible that his leadership style did facilitate the implementation of accommodation. Personally, he represented the “moderate” end of the Iranian political spectrum, and his election suggested Iran had moved further away from the radicalism of the 1980s. Moreover, Khatami took steps to remove old-guard, hardliners from positions where they could upset relations. Most prominently, he replaced the Oil Minister, Gholam Aqazadeh, who

had been appointed by Khomeini⁴⁵⁴. In a sense then, one might argue that Khatami acted as a “valid spokesman for peace”, after the process of accommodation had started. There are numerous arguments in the literature suggesting this is the case, but it is very hard to quantify exactly how important this factor was.

The final issue involves the impact of the United States. As was the case with the initiation of accommodation, the Americans only played a secondary role in shaping the dynamics of accommodation. America’s primary function was to act as a constraint on Iranian escalation. This, of course, is an extremely important part of the equation. Had the US military not been present in the Persian Gulf, Iran’s calculations would have doubtlessly been quite different. The primary impact of American policy continued to be constraining Iranian escalation. This is very different from the Egyptian case, where Washington was at the center of Sadat’s strategy. Sadat needed peace with Israel before he could get US economic aid. He also needed US diplomatic help with Israel to get the Sinai Peninsula back, without which he could not accept any peace deal. Given the importance of the US in this case, the mediation of powerful third parties cannot be dismissed as a potentially important factor in other cases.

These conclusions are encapsulated in the table below. As was done with the initiation of accommodation, a distinction is made between the core factors shaping Iranian behavior and secondary factors, which have a less clearly defined impact and/or that could be important in other cases.

⁴⁵⁴ James Richards, “New Cohesion in OPEC’s Cartel? Pricing And Politics,” *MERIA* vol. 3, no. 2 (June 1999): <http://meria.idc.ac.il/journal/1999/issue2/jv3n2a2.html> (accessed August 20, 2009). Rafsanjani had clashed with the oil minister reportedly chosen by Khomeini. According to Rafsanjani he was too belligerent in his dealings with Saudi Arabia. See: Al-Sharq Al-Awsat, The Gulf/2000 Project Members’ Page, School of International and Public Affairs, Columbia University, 15 December 1993 (accessed February 20, 2000).

| Causal Factors and the Dynamics of Iranian Accommodation | |
|-----------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Primary Causal Factors | |
| <i>Type of Causal Role</i> | <i>Specific Factor</i> |
| Motivating Factors | 1. Emphasis on pragmatic concerns (regime and national security) over ideology. 2. Emphasis on avoiding losses rather than achieving gains. |
| Stimulus Factors | Variations in Reciprocity. |
| Permissive Factors | |
| Acceptability-Set | Defined primarily by external opportunities and constraints. |
| Consistency of Accommodation | Mixed policy balances dissatisfaction with reciprocity with constraints on escalation, primarily the regional balance of power. |
| Policy Type | Substantive accommodation constrained by fixed interests. |
| Factional Interference | Impact only noticeable when reciprocity does not fit Tehran's acceptability-set. |
| Secondary Causal Factors | |
| <i>Type of Causal Role</i> | <i>Specific Factor</i> |
| Permissive Factors | Valid Spokesman for Peace Powerful Third Party (US) Mediation |

Table 5. Causal Factors and the Dynamics of Iranian Accommodation

Before moving on to take a comparative look at Syrian policies of accommodation toward Israel in the 1990s, a few general observations will be offered about accommodation in general. First, the importance of the psychological environment will be examined, followed by a discussion of the different levels of analysis involved in shaping Iranian behavior. Next, the issue of rivalry termination will be discussed, to be followed by some final conclusions on the punctuated equilibrium-evolutionary change debate.

Although the objective environment obviously plays a large role in shaping the Iranian behavior discussed in this study, to understand its impact on Iranian decision-makers it is also necessary to take into account the psychological environment. Alone, the objective environment is indeterminate. Depending on variations in the psychological environment, the same objective conditions could produce a variety of different outcomes. Motivations have been discussed at length throughout this study. Therefore there is no need to repeat points that have already been made. Suffice it to say that, while the stimulus and permissive factors were drawn primarily from the objective environment, it would be impossible to properly understand their impact without making reference to motivations. However, there are two other specific psychological factors that deserve some attention. While there was little evidence of Iranian decision-makers fundamentally misperceiving the environment around them, the way Tehran reacted to its environment did appear to change as learning took place. The most obvious example of this was during the 1980s. The regime went through a period of introspection during which the excesses of the revolution were reexamined. Although there was not 100% consensus, key decision-makers within the regime seemed to conclude that Iran's foreign policy had not been successful and had to be changed. Had this process not taken place,

Iran's behavior would likely have been significantly different even if, in objective terms, the environment had remained the same. Although it was not as dramatic, a process of learning appeared to take place in the mid-to-late 1990s as well. In 1992, Tehran was still trying to dislodge the American military from the Persian Gulf. By 1997, Tehran had come to the conclusion that the US was not going anywhere –at least in the immediate future. In part, this may have been a question of an ambiguous environment. In 1992, the Persian Gulf seemed to be in a transition period, but by 1997 the situation seemed to have settled. Even so, the difference between being in transition and being settled is one of perception.

The importance of anticipation also needs to be recognized in shaping Iranian behavior. The initiation of Iranian accommodation was predicated on the expectation of Saudi reciprocity. The mixed policy Tehran pursued between 1989 and 1991 suggests that those expectations were not met. Even in 1997, reciprocity was as much anticipated as it was realized. In particular, Tehran waited for and anticipated the concessions the Saudis would make two years later in OPEC.

Within the objective operating environment, causal factors were found at virtually every one of the levels of analysis. Although factors from each level played crucial roles in shaping Iranian behavior, some judgments can be made about their relative importance. First of all, in the Iranian case, behavior was shaped primarily -but not exclusively- by the external environment, with realist political-military issues being the most important. The stimulus factors behind changes in Iranian policy were external rather than domestic. The stimulus for the initiation of accommodation was declining regional position and the stimulus for changes in the way accommodation was pursued was variations in the level

of Saudi reciprocity. Moreover, many of the key permissive factors were also external. During the initiation phase, Iran's reaction to its declining position was shaped in large part by the balance of regional power and the expectation that Saudi Arabia would reciprocate their overtures. In terms of dynamics, variations in Tehran's acceptability set were determined primarily by changes in the regional environment. Once again, escalation was also ruled out by the regional balance of power, leaving a mixed policy of accommodation as Tehran's only way to demonstrate its dissatisfaction.

Nevertheless, the domestic environment also played an important role in influencing behavior. Indeed, without taking the domestic environment into account, it would not be possible to adequately explain Iranian behavior. The domestic level of analysis contributed a number of important permissive factors. In the late 1980s, instability in the domestic environment also acted as a constraint against escalation. Moreover, this instability also acted as a constraint on standing pat. Had Tehran not faced serious problems at home, the government may have decided to ride out its problems in the Persian Gulf. Changes in Iran's acceptability-set were not driven by the domestic environment, but even this lack of relationship is important. If Tehran had faced the same type of domestic pressures as Cairo, it may have had to widen its acceptability-set. Or it may have been forced to escalate in the same way Egypt did in 1973. Similarly, the impact of factional politics may have been marginal in Tehran's policies toward Saudi Arabia, but this too is significant. There is significant evidence of factional divisions influencing other elements of Iranian foreign policy. The fact that decision-makers could overcome these problems in this case is an important part of the causal chain. Finally, although substantive accommodation was limited by the fixed nature of external interests,

there were also domestic constraints. The ratio of resources (oil) to population set the goals for Iranian oil policy. Moreover, Tehran's inability or unwillingness to improve relations with Washington meant an important impediment to accommodation remained in place.

This is in stark contrast with the Egyptian situation, where the emphasis was reversed. Egyptian policy was shaped primarily –but not exclusively- by domestic issues and regime security. Egypt, however, is something of a special case. For a regional power, it has a particularly narrow resource-base and an extremely large population. The situation in the 1970s was also extremely acute, even by Egyptian standards. The imbalance of resources to population had been masked through most of the 1950s and 1960s by a variety of rents that rapidly disappeared over the latter half of the 1960s. Although the signs were there earlier, Egypt was plunged into a massive economic-political crisis just as Sadat was coming to power. The Egyptian case, therefore, is something of an outlier. At least as far as regional powers are concerned, Iran may actually be more representative.

Nevertheless, Stein's conclusions about the interplay between domestic and external crisis seem to apply to the Iranian case. Stein argues that crises at the two levels reinforce one-another, and increase the likelihood that states engaged in conflicts will look for peace. Although Iran was not as desperate as Egypt, these comments can be applied. Had Iran not been facing the domestic issues discussed earlier, Tehran may have chosen to escalate in 1988, or may have simply stood pat. These observations are also consistent with Lebow's argument concerning the end of the Cold-War. He reasoned that

the combination of internal and external decline made accommodation a more likely outcome.

One further observation can be made in terms of the levels of analysis. Much of the literature on regional peacemaking in the 1990s emphasized the importance of the Cold-War's end and the rise of American hegemony. This study suggests that the most important factors were actually local (i.e. regional and bilateral) rather than global. Although the US military acted as one of the main constraints on Iranian escalation, the expansion of the US presence was a function of regional politics, not the end of the Cold War. Moreover, the end of the Cold-War did not leave Washington in a position where it could mediate the rivalry between Iran and Saudi Arabia. These points do not completely contradict Miller's arguments though. Miller claimed that the end of the Cold-War would deprive former Soviet allies of support and weapons, tip the balance of power hopelessly against them, and then remove any impediments to US diplomacy⁴⁵⁵. To the extent that the Americans were committed to a region, this would result in a US mediated, "cold-peace"⁴⁵⁶. In the Iranian case, the result was a type of "cold-peace", and it was enforced by a US-tilted balance of power, even if it was not specifically a result of global unipolarity.

What Miller's argument needs is more precision. His theory is, in a sense, a macro-level theory. It is intended to be general, covering large regions over fairly substantial periods of time. It seems to work quite well for the Arab-Israeli peace process of the 1990s. However, the Iranian case suggests there can be variations within regions between rivalries. As will be discussed in the Syrian section to follow, the different

⁴⁵⁵ Miller, "When and How Regions Become Peaceful: Potential Theoretical Pathways to Peace," 232-235.

⁴⁵⁶ Ibid., 234.

characteristics of particular rivalries, and the states involved in them, may interact differently with the type of global dynamics Miller describes. Moreover, both the Iranian and the Egyptian cases suggest that the dynamics Miller discusses may not be tied specifically to the end of the Cold War. The Egyptian-Israeli case fit Miller's model almost perfectly, but it all happened in the 1970s. To the extent that the US began shifting the balance of power in the Iranian-Saudi rivalry, it started in 1986.

The third issue to be discussed here concerns the two main models of rivalry behavior, the punctuated equilibrium model and the evolutionary model. The concept of accommodation is consistent with both the PE and the evolutionary approaches. Both models allow for periods of de-escalation that may, or may not, lead to rivalry termination. The two models, however, offer competing explanations for why changes will take place within rivalries. The punctuated equilibrium model suggests that after an enduring pattern of behavior has been established, sudden "shocks" will be necessary to shake-up the status quo. The evolutionary model suggests the opposite. Change will take place incrementally with rivalry slowly evolving from one phase to the next as the weight of cumulative events changes the nature of the relationship.

Although these two models appear to be at odds with each other, this study suggests their explanations may be complementary rather than competing. Iranian decision makers clearly experienced a number of shocks during 1987 and 1988. These included the catastrophe at the 1987 Hajj, the battlefield losses to Iraq, the naval engagements with the United States, and the loss of Iran Air 655. However, at the same time, there were evolutionary changes taking place. Iranian decision makers had accumulated eight years of experience running a country and fighting a war, the new

Islamic Republic had gone through eight years of consolidation, and the people had grown weary after nine years of incredible turmoil. The diplomatic contours of the Persian Gulf and the Middle East had also changed. The GCC had been formed and the Saudis had consolidated their influence over its members. The GCC had gradually grown closer to the United States and allowed for the build-up of American military forces. And, by 1988, even Syria, Iran's only ally in the Arab world, seemed to be switching sides.

The 'PE-evolution' debate would suggest that Iranian behavior can be explained by either one of these groups of factors or the other. This study, however, has included both groups in its explanation. If examined through the prism of this study's analytical framework, the shocks can be seen to act as stimulus factors, while the evolutionary changes are all involved in permissive causality and, to an extent, motivating causality. From this perspective both shocks and evolutionary changes played necessary roles in shaping behavior. Moreover, neither group alone would provide a sufficient cause for the initiation of Iranian accommodation. Had the shocks taken place without the evolutionary changes, Iran may have simply escalated its rivalry with Saudi Arabia. After all, when Iran was attacked by Iraq, it did not look for peace. Even when the first clashes between American and Iranian forces took place in the Persian Gulf, Iran's response was escalation. Similarly, had the evolutionary changes taken place without the shocks, it is unlikely that Iran would have been willing to pay the political costs associated with changing the revolutionary pattern of its behavior. Even with the events of 1987-1988, there were many in Tehran who wanted to maintain the status quo. A similar argument can be made in terms of the dynamics of accommodation. Changes in the level of Saudi reciprocity acted as shocks. However, the reaction to those shocks was a function of

factors that had been evolving over time. For instance, in 1997, political alignments within the region had been consolidated and Iran's economy was feeling the pressure of gradually building debt.

The final issue to be discussed in this section concerns rivalry termination. Despite the durability of the accommodation that took real hold in 1997, the Iranian-Saudi rivalry has not come to an end. The level of tension has been diminished but, as of 2005, the relationship still met Thompson's three criteria for a strategic rivalry. The two states continue to see each other "as (a) competitors, (b) the source of actual or latent threats that pose the possibility of becoming militarized, and (c) enemies"⁴⁵⁷. Indeed, the events post-September 11th have reinforced these perceptions. In particular, the invasion of Iraq and the subsequent Sunni-Shi-a struggle for power has added an extra urgency to their rivalry. This begs two questions. First, why has the rivalry not come to termination? And second, what would it take for the rivalry to make this transition. In keeping with the perspective adopted throughout this study, these questions will be addressed from the view of the regional challenger, Iran.

Much of the answer to the answer to the first question is contained within the earlier discussion of the constraints on substantive accommodation. Even after Tehran and Riyadh had established a relatively consistent and lasting accommodation, the two states continued to have conflicting interests in the Islamic World, in OPEC, in the Persian Gulf, and in terms of their relationships with the United States. Consequently, the two states have remained competitors. Furthermore, as discussed in the preceding pages, these interests are, for the most part, fixed. The distribution of power in the Persian Gulf has meant that the two states are locked into a competitive relationship. Thompson argues

that positional rivalries will end when one state decides it cannot win. Although Iran probably cannot likely win, to the extent that it means dominating the Persian Gulf, it cannot afford to lose either. The Persian Gulf is simply too important to Tehran to concede it to the Saudis, particularly given their association with the United States. Therefore, this aspect of the rivalry is not likely to change. Similarly, Iran will never dominate OPEC. It simply does not have the oil reserves to actually challenge Saudi dominance. Nevertheless, because of the nature of its resource endowment and the domestic demands on that resource, Tehran cannot simply give up in OPEC. It is essentially destined to compete with the Saudis as long as it is still one of the main producers within the cartel. There has been some room for Tehran to adjust its interests in terms of its revolutionary ideology, its position in the Shi'a world, and in terms of its attitude toward the United States. However, conditions have never been conducive to such a series of changes. Egypt made a similar set of moves in the late 1970s, but only under extreme pressure. The Islamic Republic did not face this type pressure in the period leading up to 2005.

Because the two states have remained competitors in so many key issue areas, they have continued to see each other as threats and enemies. Although the likelihood of an Iranian first-strike on Saudi territory is remote to say the least, the ongoing tensions between Tehran and Washington have had the potential to become militarized. This could conceivably spill-over onto Saudi territory. More importantly, a sudden escalation in the rivalry could lead Tehran to use its connections to Shi'a groups or even Sunni groups to undermine the Saudi regime at home. Although this does not strictly meet Thompson's criteria, in the Middle East and other developing regions, political subversion is a bigger

⁴⁵⁷ Thompson, "Principle Rivalries," 204.

threat than military attack. On the Iranian side, the continued relationship with the US has been a signal of Saudi hostility and made them a threat to Iran's regime and national security, if only by extension. Despite the veneer of mutual accommodation that has lasted since 1997, these perceptions persist.

Answering the second question requires a little bit of speculation, but it can be grounded in the past history of the region and the rivalry. There are certain things that could be done that might bring the Iranian-Saudi rivalry to termination. However, they are unlikely to happen and they are equally unlikely to work. Because Iranian interests in several contentious issue areas are essentially fixed, this means concentrating on the issues where interests are more flexible, ideology, Shi'a identity, and US relations. Iran could try to imitate the Egyptian example. It could disavow revolutionary politics, give up the mantle of Shi'a leadership, and realign itself with the United States. Such a change is possible, but it would be extremely difficult on the Iranian leadership. It is hard to imagine that many of the more conservative leaders would survive the process, politically speaking. Since the most threatened leaders are also among the most powerful, this is not likely to happen unless the regime faces a threat (internal or external) of the same magnitude faced by the Egyptians. Moreover, even if such a transition were to take place, it might not be enough to terminate the rivalry. The two states would continue to compete in OPEC, of course. And, even without the ideological and identity dimensions of the relationship, they may still compete heatedly for influence in the Persian Gulf. Given the three-sided nature of the balance of power in the Persian Gulf, the only likely scenario that would end the Iranian-Saudi rivalry would be one where Tehran and Riyadh align against Baghdad, as was the case in the 1970s. Ironically, with the fall of the Ba'thist

government in Iraq, this is very unlikely to happen. Iran and Saudi Arabia are likely to compete to fill the political vacuum. Although the future is very uncertain, if the early years of post-Saddam Iraq are any indication, a Shi'a government is likely to hold sway in Baghdad, giving the advantage to Iran. This may placate Tehran. However, it is unlikely to satisfy the Saudis, thus perpetuating the competition and the rivalry.

3. Iranian Accommodation in Comparative Perspective: Syrian Policies of Accommodation toward Israel in the 1990s

In the previous pages, reference has been made to Egyptian efforts to secure a peace deal with Israel in the 1970s. There are a number of interesting parallels with the Iranian case, and the dilemmas faced by Sadat offer some insight into the Iranian situation. However, Egypt does not provide the best example of a regional challenger for comparison because of the time period. Egypt made peace during the height of the Cold-War, a period of bi-polarity rather than uni-polarity. Sadat had options in the 1970s. He chose to realign from the Soviet Union to the United States. In the 1990s, regional challengers did not have the same types of choices. The Soviets essentially withdrew military support from the Syrians between 1986 and 1989. Syrian accommodation in the 1990s, therefore, provides a better case for comparative study. Unfortunately, there is not enough time or space to systematically apply all of the conclusions drawn from the Iranian case. However, there are some differences between the cases that are immediately apparent, and they suggest some important ways in which rivalries and regional challengers can vary. The main differences concern the role of great powers, particularly the United States. The United States played a central role in shaping Syrian policy. In this

respect, the Syrian case was far more like Egypt than it was like Iran. The two cases also differ in terms of long-term outcomes. While the Iranian case has turned into an open ended policy of accommodation, Syrian accommodation broke down. Rather than pursuing a mixed policy of accommodation, Syria returned to a confrontational approach in 2000, after the failed talks in Geneva.

This discussion will first provide a brief overview of Syria's rivalry with Israel and then discuss Damascus' policies of accommodation. It will then discuss in further detail the differences between the Iranian and Syrian cases and examine possible explanations. As noted above, this discussion is not intended to be an exhaustive treatment of the case. Rather, it is intended to identify key questions for future research and suggest some potential hypotheses.

The Syrian-Israeli Rivalry

The Syrian-Israeli relationship is a fairly obvious example of a strategic rivalry, perhaps even more so than the Iranian-Saudi case⁴⁵⁸. The rivalry began in 1948 with Israel's war of independence. Since that time the states have competed for territory and influence. Initially, following the 1948 war, Syria occupied territory on the Israeli side of the U.N. Mandate line⁴⁵⁹. The two states clashed frequently over this area until the 1967 war⁴⁶⁰. At that time Israel was able to recapture the land lost in 1948 as well as the entirety of the Golan Heights. Given the strategic importance of the Golan to both sides, neither has been willing to relinquish their claims on the territory. The two states also

⁴⁵⁸ Thompson (2001) p.572

⁴⁵⁹ Moshe Ma*oz, *Syria and Israel : From War to Peacemaking* (Oxford ; New York: Clarendon Press, 1995).

competed for influence in the Levant. Syria and Israel have directly competed for influence over Lebanon, Jordan and the Palestinians. In part the basis for this is historical. Damascus held sway over all of these areas under the Ottomans and before that, when it was the center of the Caliphate. These areas have, therefore, been referred to at times as “Greater Syria”⁴⁶¹. However, it is also geo-strategic. Influence over these areas provides important diplomatic power and control over militarily valuable territory. Damascus has fortified the area around the Golan since the 1967 war, but Lebanon represents its soft underbelly⁴⁶². To the extent that Israel has access to Lebanese territory, Syria is vulnerable to a flanking maneuver. From Israel’s perspective, gaining influence over these areas breaks up Arab solidarity keeps the territory from being used to launch attacks –particularly from guerrilla forces amongst the Palestinians and the Lebanese. This direct competition has been exacerbated by Syrian leadership ambitions in the larger Arab world. Under Hafez al-Asad, the Syrian regime has at time portrayed itself as the “beating-heart of Pan-Arabism”⁴⁶³. As such it has had to take a leading role in standing up to the Israelis, defending the Palestinians, and “protecting” Lebanon.

The two states have also clearly seen each other as potential military threats. They fought in 1948, 1967, and 1973 and have had innumerable low intensity military clashes along their border –mostly prior to the 1967 war. Both sides continue to plan their military defenses around the prospect of the other side attacking. This is most obvious in

⁴⁶⁰ An early example is the Hula Conflict of 1951, and of course, there were a series of clashes leading up to the 1967 War itself. See: Ma’oz, *Syria and Israel: From War to Peacemaking*, 31 and 88-95.

⁴⁶¹ Fred H. Lawson, “Syria’s Intervention In The Lebanese Civil War, 1976: A Domestic Conflict Explanation,” *International Organization* vol. 38, Issue 3 (June 1984): 457.

⁴⁶² *Ibid.*, 452.

⁴⁶³ Henry Seigman, “Being Hafiz al-Assad,” *Foreign Affairs* vol. 79, no. 3 (May/June 2000): 4.

terms of the militarization of the Golan. It goes almost without saying that the two states perceive each other as enemies.

Syrian Accommodation: 1991 to 2000

Through the 1980s, the rivalry was essentially frozen. The Israelis were not talking to the Syrians and Damascus maintained a policy of “Strategic-Parity” and “Tactical-Rejectionism”. What this meant was that Damascus did not believe that Israel would negotiate seriously until there was a rough degree of military parity between them, and until then the best course of action was to maintain the “Three ‘No’s” of the Khartoum Resolution: No Peace, No recognition, No negotiations.

This approach changed in July of 1991, when Syria signaled a willingness to participate in US sponsored talks in Madrid⁴⁶⁴. This represented a major about-face in Syrian policy. Damascus had previously stated that it would not talk to the Israelis unless the following three conditions were met: the talks should be multi-lateral with the Arabs negotiating with the Israelis as a single unit; Israel should provide assurances up-front that Syria would get the entirety of the Golan Heights back⁴⁶⁵; and the Soviets should have role in mediating equivalent to the Americans. In Madrid, none of these conditions were met. The negotiations were essentially bilateral, with multiple tracks (Syria-Israel & Jordan-Israel) operating in parallel. Israel did not promise before hand that it would give back the entire Golan, and the Soviets were only a secondary actor.

⁴⁶⁴ Ma’oz, *Syria and Israel: From War to Peacemaking*, 207.

⁴⁶⁵ In effect, the Syrians wanted the negotiations to be about how the Golan would be returned, not how much of it. They were willing to discuss timetables, demilitarization, mutual security and so on, but not the actual borders. For a description of Syria’s procedural maneuvering, see: Neil Quilliam, *Syria and the New World Order*, 1st ed., Durham Middle East Monographs Series (Reading, U.K.: Ithaca Press, 1999).180-194.

The negotiations began with Madrid in October 2001 but they would continue, off-and-on, until 2000. There were three broad, discernable phases. The first phase lasted from October 1991 until February 1996. Talks were broken off at that point because Syria failed to condemn a series of Hamas bombings in Israel⁴⁶⁶. The second phase lasted until December 1999. During that time, negotiations remained on hold as the Peres led Labor government was defeated by Benjamin Netanyahu and the Likud party. The third phase was brief, beginning in December 1999, shortly after Ehud Barak's election as Prime Minister. It ended on March 27, 2000, with failed talks in Geneva, Switzerland.

The nature of Syrian accommodation across all three periods was essentially mixed. Elements of behavioral accommodation were combined with assertiveness and confrontation. During both the 1992-1996 and the 1999-2000 negotiating periods, Damascus emphasized negotiations as the way to address its grievances with Israel. It also muted its criticism of Israel to a degree, and did not interfere in the Israeli negotiations with the Palestinians or the Jordanians. There was also a significant substantive element to Syria's accommodation in that Damascus accepted negotiations on the basis of UN Resolutions 242 and 338. In doing so, Damascus signaled that it was willing recognized Israel's right to exist. This was more than a mere formality; it signified that Damascus no longer conceived of its interests in terms of Israel's destruction. Rather, it saw its interests in terms of working out a *modus vivendi* with Tel Aviv. Nevertheless, there was also an element of assertiveness mixed into Syria's policies. Criticism did not stop completely, and Damascus used proxies such as Hezbollah and The Palestinian Front for the Liberation of Palestine-General Command (PFLP-GC) to pressure Tel Aviv through rocket attacks on Northern Israel. In July 1993, these attacks escalated, resulting

⁴⁶⁶ Ibid., 212.

in Operation Accountability. The seven-day operation left several hundred Lebanese militants and civilians dead or wounded, and forced hundreds of thousands of civilians to flee their homes⁴⁶⁷. Nevertheless, Moshe Ma'oz argues that the subsequent Israeli-Syrian understanding concerning Lebanon indicated that Asad was committed to negotiations rather than military conflict⁴⁶⁸.

During the interim period, when negotiations were on hold, the mix in Syria's policy became more pronounced. Damascus became more critical in its rhetoric, and it openly supported Hezbollah forces fighting the Israelis during the 1996 invasion of Lebanon. Nevertheless, Damascus continued to call for negotiations and is rumored to have pursued back-channel diplomacy⁴⁶⁹. Moreover, it was also careful not to engage Israeli forces directly in combat, and it did not interfere with the other on-going peace-processes. Perhaps just as importantly, Damascus maintained open relations with Israel's superpower patron, the United States. Although Syria had increased the level of assertiveness in its policies, it is unlikely that Washington would have continued this relationship unless it felt that Syria was still committed to a negotiated settlement.

After 2000, however, Syria's policy of accommodation appeared to come to an end. Hafez al-Asad's death meant Damascus had to disengage and regroup while Bashar Asad assumed power. As this took place, Syria's rhetoric became increasingly hostile and Damascus increased its support for Hezbollah and various Palestinian 'rejectionist' groups. While it was too late to rescind recognition of Israel, Syria's relationship with Washington deteriorated badly, cutting-off one of the last vestiges of the peace process.

⁴⁶⁷ Ma'oz, *Syria and Israel: From War to Peacemaking*, 235. See also: Quilliam, *Syria and the New World Order*, 211-216.

⁴⁶⁸ Ma'oz, *Syria and Israel: From War to Peacemaking*, 235.

⁴⁶⁹ Sami G. Hajjar, "The Israel-Syria Track," *Middle East Policy Council* vol. VI, no. 3 (February 1999).

Although it differed from the Iranian example in a number of ways, Syria's policies during this period also represent an example of accommodation. From the Syrian perspective, at least, the peace process was about managing the rivalry with Israel, not terminating it. Although Syria wanted an end to the spatial element of their competition, it still seemed to perceive of itself as a competitor with Israel for regional influence. This is most evident in their reaction to Israel's insistence on full peace, an end to conflict, and normalized relations. Damascus promised full peace, but was evasive when it came to defining exactly that would mean. In part, this hesitancy was because they were seen as giving Israel economic and political power over Syria and the rest of the Arab world. Instead, it preferred an agreement based more on simple non-belligerency. Such an agreement would allow Syria to regain the Golan without conceding the positional struggle⁴⁷⁰.

Variations and Explanations

The Syrian case differs from the Iranian example in terms of two important sets of issues. The first is the role of great powers, particularly the United States. As will be discussed, the difference between the Syrian case and the Iranian case in this respect suggests that the behavior of regional challengers and the nature of accommodation will vary depending on the particular rivalry characteristics. Second, the Syrian case varies from that of Iran in that accommodation eventually fails. This is analytically useful because it provides variation in one of the dependent variables.

⁴⁷⁰ Quilliam, *Syria and the New World Order*, 205-207. See also: Ma'oz, *Syria and Israel: From War to Peacemaking*, 261.

The Role of Major Powers

Washington's role in the Syrian-Israeli peace process is much more like it was in the Egyptian-Israeli process than it was in the Iranian-Saudi relationship. In fact, the stimulus for the initiation of accommodation would appear to be the American call for a Middle-East peace summit in June 1991. According to Ma'oz, the Syrians were preparing for a diplomatic opening during the late 1980s but continued to send messages that were, at best, mixed. Anti-Israeli rhetoric continued unabated and when former US President Jimmy Carter announced that he had been "authorized" by Asad to inform the Israelis that he was willing to negotiate with them, Asad denied it⁴⁷¹. However, Syria's response to the American invitation marked a change in direction. Bush described it as a "breakthrough, from what we know about it"⁴⁷².

As discussed in the Iranian case, one of the key permissive factors shaping the decision to initiate accommodation was anticipated reciprocity. With the Iranians, the expectation was that this would be bilateral, from Saudi Arabia. With Syria, anticipation was focused on the Americans. The emphasis on American reciprocity is evident in a statement made by Asad to the American press: "Washington was serious about pushing the peace process forward. This seriousness has never been felt by us before... so we can make efforts without feeling those efforts will be futile"⁴⁷³. Washington rewarded Syrian accommodation directly. It promised economic aid and better access to the international economy. It also promised to recognize Syria's role in post-Ta'if Lebanon. According to Ma'oz, the Syrians also expected Washington to exert pressure on the Israelis, forcing

⁴⁷¹ Ma'oz, *Syria and Israel: From War to Peacemaking*, 204.

⁴⁷² *Ibid.*, 207.

⁴⁷³ *Ibid.*, 208.

them to relinquish the Golan Heights⁴⁷⁴. In fact, in the summer 1991, Israel's position on the Golan was inflexible. Even in exchange for full peace, the Israeli government claimed they would not be given back. Although Israel's position began to change shortly thereafter, there was little reason for the Syrians to expect reciprocity from Israel⁴⁷⁵.

A second important permissive factor in the Iranian case was Tehran's diplomatic isolation in the Persian Gulf. Syria also faced regional diplomatic isolation if it did not pursue some type of accommodation with Israel. However, where Tehran was being isolated by Saudi Arabia, Damascus would have been isolated by the United States. After the Kuwait crisis, all of the states in the region –except for Iran and Iraq- had moved closer to Washington. Had Syria failed to pursue an accommodation, it would have been going against the diplomatic trend⁴⁷⁶. Its only potential ally would have been Tehran, whose ability to help the Syrians was severely limited.

The Kuwait crisis also demonstrated the military superiority of American military hardware and Washington's willingness to intervene to protect its allies. This tilted the balance of power hopelessly against the Syrians, at least in terms of direct military engagement. The easy defeat of the Iraqis underlined the military advantage held by Israel over Syria. And, even if Syria could somehow prevail in a military contest with Israel, the US would never let them win a decisive victory.

Finally, relative to the Iranians, Syrian policy was also more heavily influenced by the Soviet Union and the end of the Cold War. As early as 1988, the Soviets began to distance themselves from Syria's rivalry with Israel. Syria had signed a 20 year "Friendship and Cooperation Treaty" with the Soviets in 1980 and while the relationship

⁴⁷⁴ Ibid., 208.

⁴⁷⁵ Ibid., 212-213.

was never smooth, Moscow had continued to underwrite the Syrian military and its quest to achieve “strategic parity”. Once Gorbachev came to power, however, military aid was cut by approximately 45% and Moscow began asking that the Syrians pay cash for weapons. Moreover, Moscow also began improving diplomatic relations with Israel and the United States. If there was any doubt left about the Soviets level of commitment, it was put to rest by Soviet Foreign Minister Shevardnadze, who suggested dialogue had to take precedence over confrontation when he visited Damascus in 1989⁴⁷⁷. Even before the Kuwait crisis, this eliminated any military option Asad may have been contemplating. It also meant the only diplomatic path open was the United States and accommodation.

There are several possible reasons for why the US -and to a lesser extent, the Soviet Union- played such a pronounced role in shaping Syrian policy. The first argument would be that superpower competition was more intense in the Arab-Israeli sphere than it was in the Persian Gulf. Although Moscow tried to expand its influence in the Persian Gulf, particularly through its alliance with Iraq in the 1970s, it was never able to really challenge the American hold on the area. Therefore, when the Cold War ended, it naturally had a greater impact on those states. Moreover, once the USSR disengaged from the Arab-Israeli conflict, former allies, like Syria, logically gravitated towards the US.

While this argument seems reasonable, it does not seem complete. After all, the Americans had more troops in the Persian Gulf than they did on the ground in the Levant. Therefore, it may not simply be the level of involvement, but also the quality of the relationships that develop. The relationship between Syria and the United States has been significantly different than the relationship between the United States and the Islamic

⁴⁷⁶ Quilliam, *Syria and the New World Order*, 185.

⁴⁷⁷ Ma’oz, *Syria and Israel: From War to Peacemaking*, 205.

Republic. Although American-Syrian relations were very poor through the mid-1980s, they had never experienced the type of tensions found in the American-Iranian relationship. Once Damascus supported the American effort during the Kuwait crisis, it may not have been easy, but it was possible for them to work together during the peace process⁴⁷⁸. This was not possible in the Iranian case; there was too much history for any prolonged relationship to develop. The best Tehran could hope for from the Americans was that they would not undermine its relationship with Riyadh.

Conversely, the American relationship with Israel was much closer than its relationship with Saudi Arabia. The US and Saudi Arabia shared a great many strategic interests, and numerous personal connections had developed over time. However, they were socially, politically, and economically very different. At a popular level, the American public was suspicious and critical of the Saudi political system. Similarly, Saudi society was suspicious –if not hostile- to the United States. American-Israeli relations, on the other hand, went beyond shared strategic interests. It has frequently been described as a “special relationship” with the two states sharing common social, economic, and political ideas⁴⁷⁹.

Based on these observations, it is possible to argue that different patterns of relationships between the US, its regional ally, and the regional challenger will create different rivalry types, with different political dynamics. In a case like the Syrian-Israeli rivalry, where the patron-client relationship is tight, and there is the possibility of a rapprochement between the US and the regional challenger, Washington can play an

⁴⁷⁸ Quilliam, *Syria and the New World Order*, 185.

⁴⁷⁹ See for example: Douglas Little, “The Making of a Special Relationship: The United States and Israel, 1957-68,” *International Journal of Middle East Studies* vol. 25, no. 4 (November 1993): 563-585. See also:

important role as a mediator. However, where the patron-client relationship is loose, and there is little chance of rapprochement with the regional challenger, Washington's role is likely to be limited. Even if they wanted to promote accommodation, the regional challenger will not trust them as a mediator, and they will not be able get close enough to their regional ally to guarantee their security or provide them with the necessary incentives to make concessions. The regional rivals, therefore, will have to work out their problems on their own. This was basically the situation with Iran and Saudi Arabia.

It is also possible that the degree of US involvement was dictated by the type of competition within the rivalry. The Iranian-Syrian rivalry was positional. The two states competed for influence in a variety of political domains. The Syrian-Israeli rivalry was mixed. There was a spatial aspect (the Golan Heights) and a positional aspect (influence in the Levant). It is possible that powerful third parties such as the United States will have an easier time mediating spatial rivalries than positional ones. In a spatial rivalry, the superpower could provide security guarantees if the state giving up the territory feels it is leaving itself vulnerable. It could also provide economic incentives if the territory has some financial value, or it could provide economic incentives simply so the governments negotiating the deal can buy-off political opposition. A positional rivalry would be more complex and subtle. It may not be possible for a superpower to guarantee the types of interests involved, or to compensate political intangibles like status.

This argument is born-out to a degree by the three cases that were discussed here. The most successful case of US mediation was Egypt and Israel, where Cairo was able to separate its positional ambitions from its rivalry with Israel. Once Cairo decided to be

Gerald M. Steinberg, "Israel And The United States: Can The Special Relationship Survive The New Strategic Environment?," *MERIA* vol. 2, no. 4 (November 1998).

‘first in peace’, the rivalry became essentially spatial. The Americans had mixed success in the Syrian-Israeli case. They were able to get the process started, and came very, very close to brokering a deal on the territorial issues. Had positional issues not complicated the negotiations, they might have succeeded. Finally, in the Iranian-Saudi case, where the rivalry was entirely about position, the US had no mediating role to play at all.

All three of these arguments appear to have something to contribute. Also, while they offer different explanations for the variations in American involvement, they are not necessarily competing hypotheses. They all seem to address different parts of the puzzle.

The Collapse of Syrian Accommodation

The second way in which the Syrian case clearly deviates from the Iranian case is the outcome. While Iran maintained at least a mixed policy of accommodation, the Syrians brought the policy to an end. Although they did not escalate in the sense of a military assault, they resumed taking a confrontational approach to their relationship with Israel. They increased support for Hezbollah as well as hard-line Palestinian groups such as Hamas. They also solidified ties with Iran. While Syria still called for a return to the negotiating table, there was very little dialogue and a great deal of angry rhetoric. Moreover, Syrian-American relations deteriorated almost to the point where they were in the 1980s. The Syrians were extremely critical of the US invasion of Iraq and tried to rally opposition among the other Arab states. The United States responded by applying sanctions, supporting the anti-Syrian movement in Lebanon, and publicly accusing Damascus of being behind the assassination of Rafik Al-Hariri.

Of course, part of the explanation for this turn of events lies on the American-Israeli side. After Geneva, both American and Israeli reciprocity dried up. Although Damascus claimed it was ready for negotiations, there seemed to be little interest in either of its former partners⁴⁸⁰. Nevertheless, this does not completely explain Asad's behavior. In 1989, when the Saudis were not providing much in the way of reciprocity, the Iranians still maintained at least a mixed policy of accommodation. In 1977, when the Israelis were unwilling to make concessions to Sadat, he went all the way to the Knesset in Jerusalem. Asad, on the other hand, walked away when he was only about 20 kilometers short of an agreement. Why was he not willing to expand his acceptability-set? This is curious because several authors suggested at the time that there was significant pressure on Asad to make a deal in 2000. They argued that he needed a deal because of the weak Syrian economy, Ehud Barak's promise to withdraw from Lebanon, and the growing security cooperation between Israel and Turkey. Finally they argued his health was failing quickly and he needed to make a deal before he died and the regime became bogged down with succession issues.

There are several potential explanations for this. The first two, ideology and domestic political constraints, can be dismissed relatively quickly. What is left, however, is not clear-cut. Unlike the Egyptian case, where the prospect of economic collapse dominated decision-making, there was no one overwhelming issue that drove policy choices. Rather, the pressures on Asad seemed to be overstated. Instead, the balance of costs, benefits and risks was weighted slightly against accepting the Israeli deal or

⁴⁸⁰ George Baghdadi, "Syria Leader Eyes Direct Talks With Israel," *CBSNews.com* <http://www.cbsnews.com/blogs/2008/12/22/world/worldwatch/entry4682979.shtml> (accessed August 20, 2009).

maintaining the negotiating process. This combined with Asad's cautious decision-making style was enough to bring accommodation to an end.

The ideological argument suggests that Asad and the rest of the Syrian regime could simply not bring themselves to make peace with Israel, or make even the smallest territorial concession. As suggested, this argument does not hold up well to scrutiny. It is based largely on Syria's history of rhetorical excess, as well as the country's track record during the 1950s and 1960s. During this period, the Syrian political system was plagued by infighting. The only things that everyone seemed to agree on were the principles of Pan-Arabism and anti-colonialism, as well as their animosity toward Israel. Consequently, foreign policy was ideological, and there was a strong tendency to externalize internal conflicts. However, once Asad took power, he began consolidating his rule through the development of multiple, overlapping security organizations and a widespread patronage network built up around the Ba'th Party, the bureaucracy and the military⁴⁸¹. This extended Asad's reach beyond his own minority Alawi community to the Sunni majority and other sectarian groups. Not only did this provide the regime with a great deal of stability, it provided Asad with foreign policy autonomy⁴⁸².

Parenthetically, this parallels the development discussed in the Iranian case, although the details are somewhat different. Over the course of the 1980s, as the Islamic regime was consolidated, Iranian motivations evolved and, like the Syrian case, ideology took on a lesser role.

⁴⁸¹ For a short description, see: Palmer (2000) pp.166-170. For a comprehensive explanation of the Syrian political system, see: Raymond A. Hinnebusch, *Authoritarian Power and State Formation in Ba'thist Syria: Army, Party, and Peasant*, Westview Special Studies on the Middle East (Boulder, Colo.: Westview Press, 1990).

⁴⁸² Hinnebusch, "Does Syria Want Peace: Syrian Policy in the Syrian-Israeli Peace Negotiations," 44-48. See also: Raymond A. Hinnebusch, "Syria: the Politics of Peace and Regime Survival," *Journal of Middle East Policy* vol. 3 (1995): 86-87.

Once Asad achieved this consolidation, he was able to put his own mark on Syrian foreign policy. Although Syrian rhetoric remained bellicose, Asad's style was so cautious and risk-adverse, that he was called the "The Sphinx of Damascus"⁴⁸³. Indeed, Asad came to power through a coup intended to prevent ideological adventurism. The "Correctionist Movement" took control of the government when Syrian president Salah al Jadid ordered the Syrian military to intervene on behalf of the Palestinians during "Black September". Fearing this would lead to another defeat at the hands of the Israelis, Asad seized power. It is unlikely, therefore, that Asad would have let ideological orthodoxy prevent him from making a deal that would further the national interest.

The second argument is that the Syrian regime could never make peace with Israel not so much because of ideology as because of domestic political constraints. There are two variations to this line of reasoning, both are problematic. The first is that while Asad may have been willing to compromise, he was captive to hard-line political forces within the Ba'th party. The second version is that he was afraid that once the conflict with Israel was resolved, the political system, built around the Alawi minority community, would be vulnerable to the majority Sunnis. Both of these arguments fail to consider the points made above. While the Syrian political system was based on minority rule and patronage, it was, and remains, a complex and durable political system. Asad has been able to co-opt support from across Syria's sectarian spectrum. Moreover, according to Hinnebush, Asad began preparing the Syrian public for a peace deal in the mid-1990s and faced little real

⁴⁸³ See: Seigman, "Being Hafiz al-Assad," 2.

opposition⁴⁸⁴. Significantly, this appraisal is shared by James Baker, the US Secretary of State in 1991⁴⁸⁵.

The alternative explanation is that the pressures on Asad in 2000 were overstated. Rather than widening his acceptability-set, they closed it slightly, or were at best neutral. First of all, Syria's economy had been in decline through the 1990s and 1998 and 1999 were particularly rough years. Not only was the country suffering from low oil prices, there was a significant drought that reduced crops by up to 30% in some cases⁴⁸⁶. A peace deal, arguably, would have allowed the Syrian government to implement much needed reforms and begin generating economic growth before its limited oil reserves were exhausted⁴⁸⁷. However, as David Lesch points out, signing a peace deal would not have been "panacea" for Syria's ills⁴⁸⁸. Reforming the economy would not only be a slow and difficult process, it might have led to larger and uncontrollable social transformations⁴⁸⁹. And, the economic 'peace-dividend' may have directly empowered opposition groups within the country⁴⁹⁰.

Similarly, the succession issue also represents a double-edged sword. Asad's health had deteriorated through the 1980s and 1990s. By 2000, he was close to his death and having a harder time keeping up with the negotiations⁴⁹¹. Moreover, his eldest son Basil, who had been groomed as his replacement, had been killed in an automobile

⁴⁸⁴ Hinnebusch, "Does Syria Want Peace: Syrian Policy in the Syrian-Israeli Peace Negotiations," 47.

⁴⁸⁵ Eyal Zisser, "Appearance and Reality in Syria's Decision Making Structure" *MERIA* vol. 2, no. 2 (May 1998): <http://meria.idc.ac.il/journal/1998/issue2/jv2n2a5.html> (accessed August 21, 2009).

⁴⁸⁶ Eyal Zisser, "Clues to the Syrian Puzzle," *The Washington Quarterly* vol. 23, no. 2 (Spring 2000): 85.

⁴⁸⁷ For the link between peace and economic reform, see: David Lesch, "Is Syria Ready for Peace? Obstacles to Integration into the Global Economy," *Middle East Policy Council* vol. VI, no. 3 (February 1993): 7. In 2000, it was estimated that Syria's oil reserves would last approximately 10 more years. See: Zisser, "Clues to the Syrian Puzzle," 85.

⁴⁸⁸ Lesch, "Is Syria Ready for Peace? Obstacles to Integration into the Global Economy," 8.

⁴⁸⁹ Hisham Melham, "Syria Between Two Transitions," *Middle East Report* (Spring 1997): 2.

⁴⁹⁰ *Ibid.*

accident in 1994. Consequently, Asad was faced with prospect of handing power off to his relatively less experienced son, Bashar⁴⁹². While the regime was otherwise well consolidated, the succession issue was considered to be potentially dangerous⁴⁹³. It would seem to make sense, therefore, to have reached a deal quickly so that the matter would be settled when the power transition took place. However, this logic was contingent on the deal being perceived as a good deal. Although it would be risky leaving Bashar with no deal on the Golan, it would be worse to leave him with a bad deal, for which he would inevitably carry the blame. Unfortunately for Bashar, the deal offered in Shepherdstown and Geneva involved compromises on territory and demilitarization. Moreover, when the details were leaked to the Israeli and Arab press, they were spun to make it look like Barak had beaten Asad at the negotiating table. The deal was criticized not just in the Arab press, but within Syria as well⁴⁹⁴. No matter what the objective merits of the offer were, it was therefore ‘politically’ a bad deal.

The regional environment also presented Asad with something of a mixed bag. As noted above, the growing Israeli-Turkish alliance threatened to further isolate Syria in the region, which is something Damascus wanted to avoid⁴⁹⁵. Barak had also promised to withdraw Israeli troops from Lebanon, with or without an agreement with Syria⁴⁹⁶. Although the IDF presence in the south of Lebanon was potentially threatening, it also provided Syria with a source of leverage. When Damascus wanted to pressure the Israelis, it could strike at their troops through its Lebanese proxies. At the same time though, the

⁴⁹¹ Zisser, “Clues to the Syrian Puzzle,” 81.

⁴⁹² Ibid., 81.

⁴⁹³ Ibid., 35.

⁴⁹⁴ Dennis Ross, *The Missing Peace : The inside Story of the Fight for Middle East Peace*, 1st ed. (New York: Farrar, Straus and Giroux, 2004).566.

⁴⁹⁵ Hajjar, “The Israel-Syria Track,” 8.

⁴⁹⁶ Zisser, “Clues to the Syrian Puzzle,” 80.

Israeli withdrawal left Syria as the sole outside power in Lebanon and, if necessary, Syria could still pressure Israel along its northern border. Syria was also able to counter the Israeli-Turkish alliance by re-strengthening its alliance with Iran. Although the situation was not ideal, Damascus was not completely isolated and it still retained some capacity for escalation through Lebanon. Moreover, while there would be some pay-off regionally if Asad had accepted the Israeli offer; there would have also been costs. As mentioned above, the deal was criticized in the Arab press when it was leaked. Accepting it would have cost Syria in terms of status.

As mentioned above, the balance of costs, benefits, and risks is somewhat ambiguous in this situation. To a degree, it could arguably be weighted slightly against accepting an agreement. In particular, the risk associated with saddling Bashar with a bad deal seems to tilt the balance away from accepting the deal. Nevertheless, it is not overwhelming. Indeed, the Americans seemed to be very optimistic that Asad would say yes to Clinton when they met in Geneva⁴⁹⁷.

To explain the outcome, therefore, it seems necessary to factor in Asad's personality and decision-making style. Asad, after all, was well known for being patient, risk-averse, and according to Zisser, passive in his actions⁴⁹⁸. For such a leader, even a small risk would likely out-weigh the ambiguous pay-offs described above. Moreover, Asad was personally committed to retrieving the entire Golan Heights. He had staked his political legacy on the issue and chastised other Arab leaders (Sadat and Arafat in

⁴⁹⁷ Jane Perlez, "In Geneva, 'Clinton Bet That Assad Would Bend, and Lost'," *New York Times* (March 28, 2000): <http://www.nytimes.com/2000/03/28/world/in-geneva-clinton-bet-that-assad-would-bend-and-lost.html> (accessed August 23, 2009).

⁴⁹⁸ Zisser, "Clues to the Syrian Puzzle," 79.

particular) for selling short in their negotiations. Another leader may have widened his acceptability-set in Shepherdstown or Geneva, but not Hafez al-Asad.

Summary

The preceding discussion examined Syria's policies of accommodation to help guide future research. It was not intended to be a detailed study. Instead, it was intended to identify key points of similarity and difference so that patterns of variation could be identified and potential explanations highlighted. There were two specific variations focused on in this discussion. The first was differences in the role of played by the United States (and to a lesser extent, the Soviet Union) in shaping the policies of regional challengers. It was suggested that possible explanations for this variation might be found by looking at differences in the nature of the strategic rivalry. It was argued that the level of superpower involvement may be important, as well as the types of issues involved in the rivalry. It was also suggested that the role of the United States may be a function of the quality of relations it has with its regional ally and the regional challenger.

The second type of variation examined concerned long-term outcomes. Whereas Iran's policies have been open ended, Syria's came to a rather abrupt end in 2000. It was argued that the strongest factor in shaping this outcome may have been Hafez al-Asad's decision-making style. Although leadership style did not seem to play a determining role in the Iranian case, the importance of individual styles is amply demonstrated by the role Anwar Sadat played in shaping Egyptian policy. In many ways, Asad would appear to be the anti-Sadat. Stork described Sadat as a "desperate" and "man in a hurry"⁴⁹⁹. Asad was

⁴⁹⁹ Stork, "Sadat's Desperate Mission," 257.

anything but desperate; he was slow and methodical, and would not be rushed or pressured into decisions he did not want to make⁵⁰⁰.

Future Research

In the last few pages of this paper, several methodological issues will be addressed and some suggestions will be made for future research. The discussion will begin with some of this study's strengths. It will then examine some of the study's limitations and the theoretical gaps that remain to be filled.

This study focused on Iran's policies toward Saudi Arabia as an example of accommodation. Iran was not attempting to end its rivalry with Saudi Arabia; it was merely trying to manage it in a more efficient manner. This is a valuable insight for several reasons. First of all, managing a rivalry and terminating are two separate things. Recognizing the difference not only allows us a better understanding of the policies in question, it gives us a better idea of what to expect in the future. The fact that Iran has not abandoned its ambitions suggests that the rivalry could re-escalate, but more importantly, it suggests that competition will continue albeit in a more muted form. Distinguishing between a strategy of rivalry management, such as accommodation, and a strategy of rivalry termination is also important in terms of explanation. If termination and management are two different strategies, they are likely to be the products of different

⁵⁰⁰ As noted above, Asad was referred to as the "Sphinx of Damascus" because of his slow, patient decision-making style. Moreover, Dennis Ross described Asad as a man who was "leery of taking risks either to war or peace". He also said that Asad wanted peace, but that he "was content to live without an agreement, especially if it did not meet his standards of dignity and honor". Finally, according to Ross, "he wanted to show that he could do better than Egypt". See: Ross, *The Missing Peace: The Inside Story of the Fight for Middle East Peace*, 142.

causal factors. Indeed, the findings suggest this is the case. Iran did not initiate its policies because it no longer believed it could compete with Saudi Arabia, but because the adversarial policy it had pursued in the past had not produced positive results and because it was becoming far too costly to sustain.

This study also provided a sophisticated framework of analysis that took into account not only different levels of analysis, but also different modes of causality. By examining how factors played different causal roles it was possible to identify which hypotheses were competing and which were complementary. This was particularly evident in terms of the debate concerning punctuated equilibrium and evolutionary models of rivalry behavior. These two approaches have typically been seen as theoretical competitors. This study suggested, however, that both shocks and evolutionary change were necessary conditions for changes in rivalry behavior. Shocks may have acted as the stimuli for behavioral change, but the nature of the changes were the product of evolutionary changes in the objective environment and the subjective environment. Not only was behavior shaped by changes in the domestic and regional, and bilateral levels, it was also influenced by learning and the maturation of the regime's motivations.

The framework of analysis also allowed for an explanation that was holistic rather than reductionist. Instead of focusing on the importance of a single explanatory factor, this study tried to look at how multiple factors interacted to produce behavioral outcomes. This is a particularly useful approach in the study of rivalry behavior because there are so many potential factors involved. Given the number of credible theories in the literature, it is unlikely that one would be right and the others wrong. Rather, the diversity in the literature suggested that there are multiple factors involved and that some way was

needed to bring them together. Although there is room for refinement, the framework used in this study represents a step in that direction.

Having made the following points, this study did suffer from several limitations. First and foremost, this was a single case study. The results therefore needed to be treated with a great deal of caution. The policies of other regional challengers may be driven by different factors. As was discussed in the conclusion, this was clearly the case with Egypt. Although Syria and Iran were similar in terms of the level of regime consolidation and the limited role of domestic political threats, Egypt faced serious political unrest due to the weakness of the economy. Whereas Tehran and Damascus behaved for the most part like “realist” actors, domestic politics played an important, if not dominant, role in shaping Egyptian policy. By looking at other examples of regional challengers, it will be possible to see if Egypt is simply an outlier, or if it represents a significant sub-category within the universe of cases. Future research would therefore benefit by looking at other cases in the Middle East –possibly Jordan and the Palestinians- as well as cases out side the region, such as North Korea.

Examining different cases would also make it possible to explore the way behavior is shaped by different types of rivalries. One important way in which rivalries may differ is in terms of the issues in involved. While the Iranian case was predominantly positional, the Syrian-Israeli rivalry was spatial as well as positional. Regional challengers competing for land as well as political/military influence may behave differently from those in positional rivalries or even those in purely spatial rivalries. A second issue is the regional challenger’s relationship with the United States. Whereas both Damascus and Cairo were able to develop a relationship with Washington, Tehran

could not. This changed the mix of opportunities and constraints in the environment. Both Hafez al-Asad and Anwar Sadat saw their relationship with Washington as important parts of their strategy for dealing with their regional adversary. Indeed, both began the process of accommodation by developing a relationship with the United States first and only then moving on to engaging Israel. This was not an option for Iranian policy makers, although both Hashemi Rafsanjani and Muhammad Khatami made some effort to improve relations with Washington.

This study is also limited by its focus on the individual state rather than examining the rivalry. As discussed at the outset of the study, this was a conscious decision intended to highlight the particular circumstances of regional challengers. However, it cannot properly address conditions within the rivalry as a whole. The unit level approach cannot explain the overall levels of conflict or accommodation within the rivalry, or whether it will eventually reach the point of termination. This was most obvious in this study when the question of reciprocity was raised. Saudi reciprocity was a key factor in determining Iranian policy. The expectation of reciprocity was a key permissive factor during the initiation phase, while changes in the level of reciprocity acted as a stimulus for policy change once accommodation was underway. Unfortunately, explaining why Saudi Arabia would or would not make concessions to Iran is outside of the scope of this analysis.

To correct this problem, it would not be enough to look only at the dyad. In regional rivalries such as the Iranian-Saudi case, it will also be necessary to look at the respective relationships with the United States. As mentioned above, the level of hostility between Tehran and Washington was an important factor in explaining Iranian behavior. The same was true of Saudi behavior. Saudi reciprocity was at least in part a function of

Riyadh's relationship with Washington. It was less costly for the Saudis to make concessions to Iran than it was for them to depend too closely on the United States. This stands in stark contrast to the two Arab-Israeli examples. Israel's close relationship with the United States made it less costly to accept US aid and involvement in their rivalries. On one hand this meant there was more room for Washington to play a mediating role in the rivalry. On the other, it may have meant that the Arab-Israeli rivalries were even more asymmetric than the Iranian-Saudi example. Since the Saudis were not as comfortable with their super-power patron, they were in a somewhat weaker position than the Israelis, and may have felt more pressure to reciprocate accommodative overtures.

In light of these observations, there are a number of directions along which future research can proceed. The most obvious step would be to update the current project to cover the Ahmadinejad presidency. Mahmoud Ahmadinejad represents a change in direction for the Iranian presidency. Unlike Rafsanjani and Khatami, Ahmadinejad is a conservative. Rather than reforming the system, he is looking to maintain the status quo, or even roll back the clock to the 1980s. Therefore, his domestic agenda does not require better foreign relations for success, especially in terms of American-Iranian relations. Arguably, his domestic program would actually benefit from heightened conflict. A more insular Iran may be more amenable to a conservative political agenda. Nevertheless, through his first four years in office, Ahmadinejad maintained the country's accommodative approach to Saudi relations. This is consistent with many of the conclusions drawn in this study. Iranian policy seemed to be driven more by regional politics than by domestic politics. However, it still bears further investigation. At the very least, it would strengthen the arguments that have already been made here.

A second direction to take this research project would be to look at other cases. Within the Middle East, a detailed study of Syria's policies toward Israel would be the logical place to start. Syria, like Iran is a regional power. It also started pursuing accommodation at approximately the same time as Iran and under the same type of global circumstances (i.e. just as the Cold War was coming to an end). It would also be interesting to look at the Egyptian case in further detail. Egypt, like Iran and Syria is a regional power and there has been an important positional component to the rivalry. Of course, Sadat pursued peace with Israel well before the end of the Cold War. However, this would make for a useful analytical foil. The pre-post comparison would make it easier to isolate the end of the Cold War as a causal factor. Moreover, the stark differences between Sadat and Asad suggest that in some cases, the personalities of individual leaders may play a larger role than others. In the Iranian case, individual differences were largely lost in the context of group decision making and consensus building.

The Jordanians and the Palestinians would also make interesting comparisons, although they are stretching the definition of a regional challenger. By the time Jordan made peace with Israel it was no longer a regional power and there was a significant degree of accommodation already within the relationship. Indeed, the fact that the two states were willing to sign a peace treaty was hardly surprising. Once Jordan had given up its claim on the West Bank, it was merely a question of the regional context providing them with the opportunity. The Palestinians do not have a state, let alone a state that could be considered a regional power. This makes the comparison very problematic.

Nevertheless, the fact that their peace process coincided with the Syrian and Jordanian tracks suggests a connection that cannot be ignored.

Outside the Middle East, a possible candidate is North Korea, and its policies within its rivalry with South Korea. The case is problematic, however. North Korea has significant military power but it is primarily defensive or deterrent in nature. It could possibly inflict damage on its neighbors through its missile capabilities, but it does not compete with South Korea for regional influence in the same way that either Iran or Syria does, or in the way Egypt did. Moreover, while there have been diplomatic contacts between the North and the South, it is not clear that a consistent policy of accommodation has emerged from Pyongyang.

A second possibility is China in the context of its rivalry with Taiwan. The main problem with this case is that China is far more formidable than any of the other regional challengers identified here. Although some may argue that the limited ability to project military power make it only a regional power, it is increasingly a player in global politics –if only diplomatically and economically. Any comparison to Iran or Syria would therefore have to be made very carefully.

The Chinese case suggests a third avenue for further research. Rather than focusing only on rivalries in developing areas, it may be possible to employ the framework developed in this study to analyze accommodation within great-power rivalries since the end of the Cold War. Even though they remain rivals, there are significant degrees of accommodation in both the American-Chinese and the American-Russian relationships. Both cases are both purely positional in nature, but so was the Iranian-Saudi case. Furthermore, while some of the theories would differ, particularly in

terms of the potential role of domestic politics, the present framework would retain its primary advantages. It would make it easier to organize different hypotheses and separate complementary from competing explanations. It would also provide for a holistic explanation that integrates different theories from the literature. This type of study could adopt a unit level of analysis and focus on one side of the rivalry. Chinese policy toward the US could be compared to Russian policy. Or conversely, American policy toward Russia could be compared to its policy toward China. It would also be possible to take a more traditional approach, and compare the two rivalries as dyads.

Finally, rather than looking for new cases, it may be useful to disaggregate some of the conclusions drawn in this study. A number of the observations made about Iranian foreign policy bare further analysis. For instance, the two-tier dynamic model of preferences discussed in this study provides a potentially important insight into Iranian behavior. The literature has tended to be split between arguments that claim Iran is a predominantly ideological actor and those that claim Iran has become a typical ‘realist’ state. The model here not only suggests that the truth is somewhere in between these two positions, it provides a way of understanding the way the two sets of priorities are balanced. Given the importance of the Islamic Republic in contemporary world politics, understanding this puzzle is extremely important. Further research is required to test the model more thoroughly and to help us understand how the balance between different priorities is maintained in different issue areas.

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