



IRAN'S DEADLY AMBITION

The Islamic Republic's Quest
for Global Power

Ilan Berman

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For Hillary, with all my love

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Preface

In Washington, they say, policy debates never truly go away. Instead, they come back, time and time again, albeit occasionally in different forms.

That has certainly been the case with Iran. In 2004, when I wrote my first book on the subject, *Tehran Rising*, few government officials—and even fewer ordinary Americans—were familiar with the ideology animating the Islamic Republic or the true scope of the problems the Iranian regime poses for our foreign partners and for us.

A decade later, quite a few more people are. Yet, by and large, America is as divided as ever about how best to address the strategic challenge that Iran represents. In fact, we have in many ways moved further away from a sober assessment of the scale of Iran's ambitions and its destabilizing potential on the world stage.

So this book is intended, at least in part, to serve as a corrective of sorts. It is not, by any stretch, a comprehensive review of Iran's history, ideology, and activities. Those topics have been covered in countless books already and will assuredly be the subjects of many more. Instead, this work is my humble attempt to outline the true scope of a problem that I am convinced the U.S. government will need to deal with in the years ahead.

That I was able to undertake this project at all is a credit to American Foreign Policy Council President Herman Pirchner, Jr. For nearly fifteen years, he has provided me with an intellectual home, indulged my interests, underwritten my projects, and challenged me to think critically about the state of the world and America's place in it. Through it all, he has been a tireless advocate, a fierce critic, and a true friend.

In putting together this book, I was extremely fortunate to be able to rely on the insights of Michael Doran, Jonathan Schanzer, Joel Rayburn, Matt Levitt, Joseph Humire, Claudia Rosett, Joshua Eisenman, Darin Dutcher, and Larry Haas. They took time out of their busy schedules to provide me with valuable criticism, further refine my thinking, and sharpen my prose. For that, they already have my deepest thanks. But, to the extent that this book helps contribute to the national security debate, they also deserve at least part of the credit. Needless to say, any mistakes that might be contained herein are entirely my own.

As always, I am grateful to Annie Swingen, Jeff Smith, and Rich Harrison, my colleagues at the American Foreign Policy Council, for their support and friendship and for making our work truly a team effort. Thanks go as well to our tireless in-house editor, Liz Wood, for working her magic on this book, the way she has so many times before. Our pool of talented interns, including Cameron Harris, Collin McClure, Jason Czerwicz, and James Williams, also deserves recognition for helping with the research on various aspects of this book, as well as for pitching in on sundry other projects and initiatives.

Most of all, I owe an enormous debt to my family. As any author will tell you, book writing is, by its nature, a lonely and selfish undertaking. It requires the freedom to take long absences from the outside world and depends on the patience of others. My wife, Hillary, and my children, Mark and Lauren, provided me with all that during the months and months that I was preoccupied with this project. But they also gave—and continue to give—me much more: their love, their support, and the reason to keep fighting the good fight.

**IRAN'S DEADLY
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Introduction

In November 2013, the countries of the P5+1 (the United States, the United Kingdom, Russia, China, France, and Germany) went public with a landmark announcement. After weeks of feverish backroom diplomacy, Western and Iranian diplomats had come to terms on an interim agreement aimed at resolving the long-running impasse over Iran's nuclear program.¹ That deal, known as the Joint Plan of Action (JPOA), envisioned a process culminating in an interim deal on Iran's nuclear effort, which would then lead to a final settlement addressing Tehran's atomic ambitions—and perhaps, its larger relationship with the West.

For the Obama administration, the agreement marked the realization of a long-sought-after foreign-policy objective. From his time as a presidential candidate, Barack Obama consistently championed the idea of “engagement” with the Islamic Republic of Iran, an approach he viewed as a more constructive counterpoint to the Bush administration's policy of broad pressure on Iranian ayatollahs.² And with Obama's election to the presidency, the pivot toward engagement became official U.S. policy. Within his first one hundred days in office, the new commander-in-chief declared publicly to Iran's leaders that his administration “will extend a hand if you are willing to unclench your fist.”³ But the president's entreaty fell on deaf ears. Iran's leaders rebuffed Obama's “new beginning,” citing America's historic “meddling” in their country's internal affairs.⁴

So the situation would remain throughout Obama's first term in office. The years that followed saw repeated overtures on the part of the Obama administration toward Iran's leadership, with little success. It was not until sanctions were ratcheted up by the United States and European Union in 2011–2012 that Iran truly began to feel the economic pain, manifested by a plunging national currency, soaring inflation, and significantly constricted sales of oil abroad. Over time, these conditions brought Iran's ayatollahs to the nuclear negotiating table.

Their decision paid concrete dividends. In exchange for tactical, and overwhelmingly reversible concessions regarding the pace and progress of their nuclear effort, Iran's leaders successfully set in motion a significant rollback of the sanctions regime laboriously erected by the United States and its allies over the preceding decade and a half. Perhaps just as profoundly, the November 2013 deal fanned hopes for a larger and lasting normalization of relations with Tehran in Washington and other Western capitals, effecting a political sea change that has provided the Iranian regime with far greater international opportunities than it has ever had before.

A LIFELINE FOR IRAN'S AYATOLLAHS

The process began just days after the signing of the JPOA, when the Obama administration announced that it was unblocking some \$8 billion in assets from frozen Iranian oil sales as a confidence-building measure.⁵ That step was seen as just the beginning: Abbas Araqchi, Iran's deputy foreign minister for legal and international affairs, intimated that Iran had been assured “access” to a further \$15 billion under the terms of the agreement.⁶ In all, Iran appeared poised to receive at least \$20 billion in sanctions relief, equivalent to roughly one-fifth of the country's estimated foreign reserves and a sum far greater than originally envisioned by the White House.⁷

The real figure was more modest. All told, a July 2014 study by the Foundation for Defense Democracies and Roubini Global Economics found that the Islamic Republic received \$11 billion in direct sanctions relief during the six months of the JPOA (November 2013 to June 2014).⁸

But the real economic benefits to Iran were substantially broader. The terms of the Geneva agreement included a significant easing of restrictions on investment in a number of Iran's financial sectors, paving the way for a host of companies that had previously curtailed their business in the Islamic Republic to broaden their presence there.⁹ An August 2014 Bloomberg report noted what amounts to a massive surge of foreign commercial interest in the Islamic Republic, with European, Asian, and African companies all now viewing Iran as an emerging market.¹⁰ The reasons are clear: one German corporate executive explained, "the market will explode the moment the embargo is lifted."¹¹ International business, in other words, is fully expecting some sort of diplomatic détente with Iran that will make it possible for the world to go back to business as usual with Iran's ayatollahs.

Iran's oil clients have also dived back in. In the aftermath of the November 2013 signing of the JPOA, the State Department signaled that the White House was, at least temporarily, suspending application of the 2010 Comprehensive Iran Sanctions, Accountability, and Divestment Act, under which countries must certify that they are decreasing their acquisitions of Iranian oil in order to avoid sanctions by the United States.¹² Predictably, foreign importers of Iranian oil wasted no time in resuming their energy trade with the Islamic Republic. In August 2014, *The Diplomat* reported that overall Asian imports of Iranian crude had increased by 25 percent, to 1.2 million barrels per day, in the first half of that year.¹³ As of December 2014, that figure remained largely the same: 1.1 million barrels per day, or some 20 percent above 2013 levels.¹⁴

As a result, Iran's economy has begun to experience a modest but sustained recovery. Inflation has dropped appreciably, from some 45 percent in the summer of 2013 to less than 18 percent today. The Tehran Stock Exchange has risen in value by more than 50 percent, as eager investors circle the Iranian market. Iran's national currency, the rial, has also stabilized somewhat. After plummeting to historic lows (between 39,000 and 40,000 rials to 1 U.S. dollar) in February 2013 as a result of Western sanctions, it regained more than a quarter of its value by December 2014.¹⁶ Similarly, Iran's GDP has begun to trend positive once again. According to Iran's central bank, gross domestic product grew by 4 percent between March and October 2014 (the first half of the Iranian calendar year). Overall, Iran's economy—which constricted by 5.8 percent in 2012 and a further 1.7 percent in 2013—is estimated by the International Monetary Fund to have grown by 1.5 percent in 2014.¹⁸ As a result, Iranian officials say, the Islamic Republic has avoided recession and begun an "economic revival."¹⁹

This has not, however, translated into political compromise with the West. The July 20, 2014 deadline for the JPOA came and went without meaningful results. The White House, hopeful as ever of an impending diplomatic breakthrough with the Islamic Republic, agreed to extend talks for another four months in hopes that the additional time would allow the P5+1 to bridge "major differences" with Iran over its nuclear rights, leading the *Wall Street Journal* to wryly comment that the Islamic Republic was taking the United States on what amounts to a "nuclear carpet ride."²⁰ When those talks did not yield an agreement by their new deadline of November 24, 2014, they were extended yet again—this time, until June 30, 2015. (As of this writing, the conclusion of a deal by that time appears likely, although by no means assured.)

In the meantime, the White House has resolutely prevented an expansion of economic leverage against the Islamic Republic. In his 2014 State of the Union address, President Obama announced that he would veto any legislation passed by Congress that might derail the current nuclear talks.²¹ The threat succeeded in holding in abeyance major legislative initiatives aimed at strengthening the U.S. sanctions regime against Iran, chief among them the Nuclear Weapon Free Iran Act of 2014 introduced by Senators Robert Menendez (D-NJ) and Mark Kirk (R-IL).²² And while Congress has pledged new activism on the sanctions front²³ in the wake of the Republican party's resounding victory in the November 2014 midterm elections, it promises to be exceedingly difficult—if not impossible—to rebuild the broad, effective sanctions coalition that brought Iran's ayatollahs to the diplomatic negotiating table in the first place.

That is because the Iranian regime has used its time wisely. In recent months, Iranian officials have made frenzied efforts to attract international business and foreign economic stakeholders thereby lessening the Iranian regime's fiscal isolation. Quite prudently, they have also used the breathing room gained by the Geneva process to "sanctions-proof" their economy, eliminating costly economic subsidies and tightening the country's collective fiscal belt as a hedge in the event that talks break down and the West reverts to economic pressure.²⁴ In such a way, Iran has strengthened its economic defenses and transitioned from the so-called resistance economy that was championed by its leadership just a few years ago to an economic sector defined by "resilience."²⁵ Needless to say, as a result this has made the job of Western nations hoping to stave off the advent of a nuclear Iran without resorting to the use of force much, much more difficult.

But more worrisome still is the reality that, in its eagerness to conclude some sort of agreement with Iran over its nuclear program, the United States has systematically diluted its Iran policy. It has turned a blind eye to the Islamic Republic's fomentation of international terrorism, its support of rogue foreign regimes, such as the Assad dictatorship in Syria and Kim Jong-un's Stalinist regime in North Korea, and its rampant domestic repression.

OLD WINE IN NEW BOTTLES

On the surface, all this might seem a bit surprising. After all, Iran is a country in profound flux. The median age of its population of nearly 81 million is just 28.3 years, making most Iranians considerably younger than the Islamic Republic itself.²⁶ Iran is profoundly Westward-looking and a country of first-world expectations, widespread educational and technological advancements, and a populace increasingly chafing under the clerical status quo.²⁷ Back in 2005, Thomas Friedman, of the *New York Times*, observed these stirrings and went so far as to label Iran the "ultimate red state."²⁸

Iran, in other words, seems inexorably headed toward political transformation. Yet exactly when such change will occur is profoundly uncertain. Over the years, successive administrations in Washington have attempted to tilt the balance of power in Iran toward greater freedom. Most conspicuously, the so-called freedom agenda of President George W. Bush led his administration to emphasize its support for Iran's urge for democracy.²⁹ As a practical matter, however, it did little to concretely encourage a more pluralistic, democratic future for ordinary Iranians.

The Obama administration, for its part, has done even less. In the early days of President Obama's first term in office, as grassroots ferment coalesced in Iran, the White House avoided weighing in on the side of pro-democracy forces and against Iran's clerical establishment. The reasons for its silence were practical: at the time, the administration still hoped that the president's "outstretched hand"

Iran's ayatollahs would receive a warm reception in Tehran. As a result, administration officials shied away from backing opponents of the regime they were trying to engage. And at least in part because they did so, Iran's freedom wave withered on the vine.

A lack of Western support for the pro-democracy drive during the summer of 2009, and only sporadic attention from the international community in the months that followed, empowered a concerted campaign of repression on the part of the Iranian regime, leading to the decisive dismantling of regime opposition following the fraudulent reelection of Mahmoud Ahmadinejad to the Iranian presidency. So complete was the rout of the Green Movement that, in the months leading up to Iran's summer 2013 presidential election, the most vital question occupying Iran's embattled democrats became not whether to field their own candidate, but if they should boycott the election altogether.³⁰ The debate was a telling indicator that the Iranian regime had succeeded in well and truly neutralizing Iran's pro-democracy forces.

The June 2013 election of Hassan Rouhani as Ahmadinejad's successor must be understood in this context. Iran's new president may be a moderate by the comparative standards of the Islamic Republic. His rhetoric was certainly more progressive than that of the seven other candidates cleared to run for the office by Iran's powerful Guardian Council. While still on the campaign trail, Rouhani ran on a political platform that included pledges to improve economic conditions within the Islamic Republic, reduce tensions with the West, and improve domestic human rights conditions. Indeed, these promises set Rouhani apart from other presidential hopefuls and garnered him a resounding electoral victory that summer.

Most of those promises, however, remain unmet. A December 2013 survey compiled by the University of Toronto's Munk School of Global Affairs in conjunction with the Iranian research group ASL19 found that after his first one hundred days in office, just 4 of Rouhani's 46 official promises were fully achieved, and only 15 others were "in progress." The rest—27 pledges relating to Iran's domestic and foreign policies—had not been attempted.³¹

Today, the situation remains largely the same. There has been no measurable movement toward systemic economic reform of the type promised by Rouhani on the campaign trail. Meanwhile, domestic repression has deepened, as has the persecution of minorities. Since he took office in August 2013, Rouhani's most substantive contribution has been to begin to reduce and lift international sanctions—something he has accomplished through nuclear negotiations with the West.

This state of affairs illustrates that, contrary to popular perceptions in the West, Rouhani is not a trailblazing reformer. He is, rather, an integral part of the ancien régime in Tehran, albeit one with a friendlier façade. An original compatriot of Ayatollah Khomeini, Rouhani agitated for Iran's revolutionary-in-chief while the latter was in exile in France, eventually joining him there in the late 1970s. After the Islamic Republic was established, he assumed a succession of top posts in the government, culminating with a stint as secretary of Iran's powerful Supreme National Security Council and as the Iranian regime's chief nuclear negotiator with the European Union in the fruitless diplomacy of the early 2000s. Rouhani's longevity in Iranian politics is a testament to his embrace of core regime principles and his good standing with Ayatollah Ali Khamenei, Khomeini's successor as supreme leader.

For all of his temperate rhetoric, then, Rouhani is nothing so much as a faithful representative of the regime he serves. His willingness to engage with the West over Iran's nuclear program represents more a tactical effort to lessen the Islamic Republic's political isolation and economic pain than a true ideological about-face. Indeed, on the international scene, Iran remains very much in the role of insurgent, and one with a clear will to power in its immediate periphery and far beyond.

The pages that follow sketch the contours of that global ambition. They demonstrate convincingly that Iran, a regime in profound demographic and political flux, is still animated by an uncompromising religious worldview that sees itself at war with the West. They also show that, even as Iran's leaders engage in negotiations with the West over their nuclear program, they are busily translating their vision of world influence into action.

The resulting picture is profoundly at odds with the prevailing view of Iran that now exists within Washington's corridors of power. But it is a vitally important part of the puzzle, insofar as it helps to explain why Iran's regime (albeit not its people) continues to see itself as engaged in an existential conflict with America, and why its actions are so deeply inimical to U.S. interests and to the safety and security of our allies abroad.

I

Iran's Manifest Destiny

What makes Tehran tick? More than three and a half decades after Ayatollah Ruhollah Khomeini swept to power in Tehran on a wave of revolutionary fervor, transforming an erstwhile ally of the United States into a mortal enemy practically overnight, policy makers in Washington still understand precious little about the inner workings of his Islamic Republic. As a result, they consistently misjudge, misunderstand, and misinterpret what the Iranian regime says and does and what its leaders truly believe.

Today, this failure is seen most clearly in the Obama administration's growing calls for normalization with the Iranian regime. During its time in office, the current White House has gravitated steadily toward the notion that Iran is a troublesome yet ultimately benign regional actor. Although President Obama has promised strong action against Iranian rogue behavior, his administration made repeated diplomatic overtures toward the Islamic Republic, propelled by the notion that with the proper mix of diplomatic dialogue and strategic incentives it will be possible to "domesticate" the Iranian regime.¹

To be fair, the Obama administration is hardly the only one to harbor this hope. More and more Western observers have embraced the idea that Iran is a nation with which it is possible to do business. Thus, an extensive special report in a November 2014 edition of the prestigious *Economist* magazine loudly proclaimed that "the revolution is over" in Iran, and that the Islamic Republic is now decisively transitioning beyond "decades of messianic fervour."² The unspoken message, reflecting the emerging political consensus on both sides of the Atlantic, is crystal clear: there's no reason to fear the Islamic Republic any longer.

The lure of this idea is undeniable. If it could somehow be rehabilitated, Iran would become a powerful Western ally in the Middle East and a lucrative trading partner for the world. Yet the notion is as misguided as it is appealing. Although the Iranian regime is currently engaged in diplomacy with the West over its nuclear program, there is no indication that it has abandoned the core ideological tenets of Khomeini's revolution, which emphasize antagonism toward the West. Indeed, Iran—like Russia and China—is a revisionist power that actively seeks to remake its immediate region and the world beyond. Thus, as political scientist Walter Russell Mead astutely observed, "Iran wishes to replace the current order in the Middle East—led by Saudi Arabia and dominated by Sunni Arab states—with one centered on Tehran."³ Iran, in other words, possesses a distinct manifest destiny. And today, even as the international community is preoccupied with its nuclear program, the Islamic Republic is forging ahead with its quest for global influence.

A REVOLUTIONARY PEDIGREE

Iran's contemporary, confrontational worldview dates back to the 1960s and 1970s, when Ayatollah Khomeini languished in exile, first in Iraq and then in France. It was during this time that he codified

his ideas about the need for Shiite empowerment and global Islamic revolution. The result, a slender volume entitled *Islamic Government*, went on to serve as the template for Khomeini's Islamic Republic following the successful 1979 revolution.⁴

In short order, after Khomeini's partisans seized power in Tehran, the ideas about domestic governance contained in *Islamic Government* became the foundation for his new religion-based state. Khomeini himself became both the country's political leader and its spiritual model. A sea change took place in foreign policy as well. Iran's new clerical rulers believed fervently that their government marked the start of a global caliphate and that Iran's revolution would augur the dominance of Islam "in all the countries of the world."⁵ Accordingly, the country's constitution proclaimed that the Islamic Republic's armed forces "will be responsible not only for guarding and preserving the frontiers of the country, but also for fulfilling the ideological mission of jihad in God's way; that is, extending the sovereignty of God's law throughout the world."⁶ Iran's radical vision of Islamic governance, in other words, was intended from the start to be an export commodity.

During the tumultuous decade of the 1980s, as Khomeini's revolutionaries consolidated power at home, the principle of "exporting the revolution" became a cardinal regime priority. Its importance was demonstrated in the fact that, despite the expense of a bloody, grinding eight-year war with Saddam Hussein's Iraq, the fledgling Islamic Republic sunk colossal resources into becoming a hub of "global resistance." In keeping with Khomeini's declaration that "Islam will be victorious in all the countries of the world,"⁷ the Iranian regime threw open its borders to a bevy of third-world radicals, from Palestinian resistance fighters to Latin American leftist revolutionaries. These disparate factions (many of which hailed from outside the Muslim world) gravitated to the Islamic Republic, where they obtained military, political, and economic support from an Iranian government eager to demonstrate its revolutionary bona fides and its commitment to a global Islamic order.⁸

Perhaps the most significant development during this period, however, was Iran's creation of a proxy force in Lebanon to help spread its radical global vision. Forged from disparate Shiite militia fighting in Lebanon's chaotic civil war, this "Army of God," or *Hezbollah* in Arabic, became a powerful consolidated militia committed to Iran's worldview. The group's charter, published in 1985, pledged formal allegiance to Ayatollah Khomeini himself and, more broadly, to the *Velayat-e Faqih*, the "rule of the jurisprudent" form of government he institutionalized in Iran.⁹

Ever since, Hezbollah has served as a key prong of Iranian policy. At times working in tandem with—and at others, independent from—Iran's formal revolutionaries in the Islamic Revolutionary Guard Corps (IRGC), the Lebanese militia has sought to further the regime's agenda of "resistance" against Israel and the West, most directly by targeting Israeli and Jewish victims. In exchange, it has been rewarded lavishly, with the Iranian regime bankrolling the militia to the tune of between \$100 million and \$200 million annually for many years.¹⁰ This assistance has given the group global reach and has made it, in the words of former deputy secretary of state Richard Armitage, the "A-team of terrorists."¹¹

The death of Khomeini in the late 1980s and a period of sustained economic and political stagnation in the 1990s led many in the West to believe that Iran had entered a "post-revolutionary era."¹² That hope, however, turned out to be fleeting. Over the past dozen years, Iran's revolutionary fervor has returned with a vengeance.

With the exception of Iran's supreme leader, no political actor is more important in shaping Iran's contemporary politics and its place in the world than the regime's feared clerical army, the Islamic Revolutionary Guard Corps (Sepāh-e Pāsdārān-e Enqelāb-e Eslāmi), also known as the IRGC. Originally conceived by Ayatollah Khomeini as a revolutionary vanguard capable of spreading his political model beyond Iran's borders,¹³ the IRGC is today far more than simply a national army.

Within Iran, it is nothing short of an economic powerhouse, in control of numerous companies and corporate entities that stretch across broad swathes of the Islamic Republic's economy, from transportation to energy to construction. This power was on display in May 2004, when the Guards shut down Tehran's Imam Khomeini airport rather than allow a Turkish consortium to operate it. The message was unmistakable: the IRGC, rather than the government, was the ultimate arbiter of acceptable commerce within the Islamic Republic.

It was also a testament to the enormous financial power amassed by the IRGC in recent years. In 2007, the *Los Angeles Times* estimated that the Guards had accumulated in excess of \$12 billion in business and construction interests and possessed links to more than one hundred companies.¹⁵ That, however, is just the tip of the iceberg. The IRGC, for example, is believed to be in control of practically all of the Islamic Republic's \$12-billion-a-year smuggling industry.¹⁶ Its reach extends to virtually every sector of the Iranian economy, from energy to trade to defense-industrial development. But it is in construction where the influence of the Guards is deepest. Khatam al-Anbiya, the IRGC's construction headquarters, is Iran's biggest corporation: a massive, sprawling network of companies comprising more than 800 affiliates, employing an estimated 40,000 workers, and in control of billions of dollars in assets.¹⁷ All told, the IRGC is believed to command as much as one-third of Iran's entire economy.¹⁸

This web of activity has alternately been described as a "business conglomerate with guns," "a huge investment company with a complex of business empires and trading companies," and a "de facto foreign ministry" for Iran's revolutionary forces.¹⁹ Yet these descriptions barely scratch the surface of the IRGC's centrality in the Iranian economy and how much power it truly exerts over the Islamic Republic's political direction. The full extent of the IRGC's economic reach is simply not known outside of Iran, hidden as it is behind shell companies, middlemen, and cut-outs, as well as pervasive patronage networks and entrenched political interests. What is clear, however, is that the IRGC has become a state within a state in contemporary Iran.

The IRGC's current prominence is largely the work of one man: Mahmoud Ahmadinejad. His ascendance to the Iranian presidency in 2005 ushered in a golden age of nearly unbridled influence for the Guards in Iranian politics. Ahmadinejad is himself a former Guardsman. He served a stint in the IRGC during the 1980s, working both as an army engineer and as part of the support team for a daring 1987 special forces operation in Kirkuk at the tail end of the Iran-Iraq War.²⁰ Ahmadinejad maintained his contacts with the Guards following his active duty service, and Iranian military officials and families made up an integral part of his constituent base during his ascent to political power. And once Ahmadinejad assumed the presidency, he wasted no time rewarding his former comrades-in-arms richly.

Within a year, the IRGC racked up an estimated \$10 billion in sweetheart deals and no-bid government contracts from the Iranian government.²¹ Within two years, fully two-thirds of Iran's twenty-one cabinet positions were occupied by members of the IRGC.²² By then, former Guardsmen and their sympathizers had taken over more than a fifth of the seats in the Majles, Iran's unicameral

parliament.²³ By 2010, the situation became even more of a monopoly, with Guardsmen staffing Ahmadinejad's cabinet almost exclusively and occupying roughly a third of all parliamentary posts. Observers likened this takeover to a "creeping coup d'état," in which Iran's clerical elite slowly became overshadowed by its clerical army.²⁵

Over the past several years, Iran watchers have taken note of this trend.²⁶ So, belatedly, have administration officials. In September 2010, Secretary of State Hillary Clinton acknowledged the changing center of gravity within the Islamic Republic when, in a speech before the Council on Foreign Relations, she described Iran as having transformed into "a military dictatorship with a sort of religious-ideological veneer."²⁷ But this realization did not contribute to greater clarity in Washington about how to respond to the Iranian regime's rogue behavior.

That behavior, meanwhile, has intensified, commensurate with the IRGC's power. The IRGC today is a global strategic force, and one that is currently active in virtually every region of the world.

The power of the Guards begins with its grip on the regime's strategic capabilities. This includes the Islamic Republic's arsenal of ballistic missiles—an arsenal which is growing rapidly. The centerpiece of that effort is the Shahab-3, a medium-range missile unveiled publicly more than a decade ago. In recent years, the Iranian regime has expanded the range, accuracy, and payload of the Shahab-3 and its variants, and today this class of missiles is estimated to be nuclear-capable and possess a range of between 900 and 1,200 miles, putting all of Israel, the north of India, and parts of Eastern Europe within striking distance. Indeed, Iran is now the most formidable missile power in the Middle East, according to U.S. intelligence-community assessments.²⁸ And these capabilities are just part of a much larger picture.

In 2005, Iran became the first space-faring nation in the Muslim world when it successfully launched a surveillance satellite into orbit from the missile base in Plesetsk, Russia. Since then, the Iranian regime has racked up a number of additional successful space launches. While these efforts appear to be civilian in nature, the potential military applications cannot be ignored, because the same rocket booster used to place a payload into low Earth orbit can be married to a two-stage ballistic missile to create one of intercontinental range. Iran, in other words, is building the capability to shift rapidly from being a regional missile power to being a global one, with the power to hold at risk Western Europe and beyond.

The control exercised by Iran's clerical army extends to the regime's nuclear program as well. When Ayatollah Khomeini came to power in 1979, he rolled back Shah Mohammad Reza Pahlavi's ambitious plan—sketched out during the 1970s—to make Iran a nuclear power, citing it as un-Islamic in nature. But the Islamic Republic's devastating loss to regional rival Iraq during the subsequent eight-year Iran-Iraq War—and international assistance to the Iraqi war effort during that conflict—helped convince Iran's ayatollahs of the need to revive the country's nascent atomic drive. As a result, by the late 1980s, Iran's nuclear plans were back on track, with the IRGC firmly in charge of the progress.²⁹

So it has remained. Today, it is believed that if hostilities arose, the IRGC would "have custody over potentially deployed nuclear weapons, most or all other chemical, biological, radiological, and nuclear weapons," and the ability "to operate Iran's nuclear-armed missile forces if they are deployed."³⁰ That means, as a practical matter, that no nuclear deal is possible which does not meet with the IRGC's approval—something that represents a complicating, and perhaps insurmountable, obstacle to the nuclear negotiations between Iran and the West.

Iran's clerical army is also a significant naval power. Over the past several years, in keeping with

its vision of itself as a global player, the Iranian regime has bolstered its ability to project military power abroad. This has included major upgrades to both its conventional navy, the Islamic Republic of Iran Navy (IRIN), and its clerical counterpart, the Islamic Revolutionary Guard Corps Navy (IRGCN), with significant results.³¹ According to intelligence analyst Steven O'Hern, the IRGCN now totals some 18,000 men, making it a "force equal in size to the Iranian Navy," and this force is under the operational control of "all of Iran's missile boats and land-based anti-ship missiles."³²

A decade ago, the U.S. intelligence community assessed that Iran was able to shut off tankers and maritime traffic in the Strait of Hormuz, a critical naval waterway through which one-fifth of global oil transit passes for brief periods of time.³³ Since then, concerted investments by the Iranian regime have made its maritime forces even more capable. They have also made Iran's clerical army more adventurous on the high seas, something that was demonstrated in dramatic fashion in March 2007, when the IRGC captured fifteen British sailors off the coast of Iraq. The Iranian regime claimed that the sailors had strayed into Iran's territorial waters—a charge that the British government disputed. But Iran's seizure also put members of the U.S.-led coalition on notice that the Islamic Republic was assuming an increasingly aggressive naval profile in the Persian Gulf, a reality the United States and its allies will inevitably face in the years ahead.

This fact was hammered home in March 2014, when CNN reported that the Islamic Revolutionary Guard Corps was in the process of constructing a large-scale replica of a U.S. naval carrier. Regime officials at first dismissed the construction as simply a movie prop, but the true objective quickly became clear. In a subsequent interview with the official FARS News Agency, Rear Admiral Amir Ali Fadavi, the commander of the IRGCN, confirmed that the mock-up was in fact a military target, and that it was necessary "because sinking and destroying US warships has, is and will be on our agenda."³⁴

The IRGC's most visible, and potent, presence, however, is that of its elite paramilitary wing known as the Quds Force (IRGC-QF). While the larger Guards are preoccupied with everything from territorial defense to economic expansion, the IRGC-QF has been dedicated to a singular aim since its formation in 1990: carrying out the "extra-regional operations of the Islamic Revolutionary Guard Corps."³⁵ In other words, the IRGC-QF is the vanguard of terrorism and insurgency in the name of the Islamic Republic. And while the size of the force is small—just 10,000 to 15,000 men, less than 1 percent of the IRGC's total forces of more than 125,000³⁶—it would be hard to overstate its contributions to global instability. The Quds Force is, quite simply, the purest expression of the Islamic Republic's belief that it "plays a key role in world affairs as the standard bearer of revolutionary Islam and the guardian of oppressed Muslims (and even non-Muslims) everywhere."³⁷

PIVOT POINTS

In September 1980, less than two years after the establishment of the Islamic Republic, Ayatollah Khomeini's fledgling regime found itself at war. The cause was an invasion by the neighboring regime of Ba'athist dictator Saddam Hussein, which sought to seize the advantage and strike an early blow against what it saw as an emerging ideological adversary. The resulting conflict lasted for most of the ensuing decade, and when it finally drew to a close in the late summer of 1988, the toll on Iran was enormous.

Officially, Iranian authorities estimated that they suffered close to 300,000 casualties as a result of the hostilities.³⁸ Western sources, however, put the figure at significantly higher: half a million souls

or more.³⁹ More than 500,000 others were physically or mentally disabled either during the war or its aftermath.⁴⁰ In all, the conflict may have cost Iran as much as \$1 trillion—a devastating economic loss to the fledgling regime in Tehran.⁴¹

Nearly as significant was the war's psychological impact. Khomeini's revolution gained popularity because its virulent version of insurgent Islam was a compelling alternative to the Shah's secular and stale authoritarianism. Yet in their first military outing, Iran's holy warriors were bested by a secular adversary. The conflict left the Islamic Republic deeply traumatized, but it also helped instill a sense of unity among Iran's populace. Iraq's aggression and the West's support of Saddam Hussein during the conflict bred in Tehran the sense that it was alone against the world.⁴²

Nearly in tandem, the Islamic Republic suffered a major ideological crisis. Less than a year after the end of hostilities with Iran, Ayatollah Khomeini unexpectedly died of a heart attack, throwing his regime into partisan chaos. The resulting political tug-of-war led to the rise of a consensus candidate for the country's current supreme leader, Ayatollah Ali Khamenei. It also led many in the West to conclude that Iran's revolutionary fervor had run its course, or that it soon would.⁴³ For much of the following decade, Western analysis was colored by this vision of a post-revolutionary Iran, one in which practical concerns and economic priorities trumped revolutionary zeal.⁴⁴

The message from Tehran, however, could not have been more different. In the aftermath of Khomeini's passing, Iranian officials took pains to emphasize that the core tenets of Khomeini's revolution—chief among them the ideal of “exporting the revolution”—remained in effect.⁴⁵ The priority, however, would be achieved more subtly than it had been in the past. Whereas the heady early days of the Islamic Republic saw the Iranian regime become a locus of global insurgent activities, following the Iran-Iraq War the Iranian regime gravitated toward a new way of war, one characterized by the use of proxies, an economy of violence, and an exceedingly long view of global competition.⁴⁶ This remains the strategy pursued by Iran's leaders today.

MISREADING IRAN

Amazingly, most of this context is lost in contemporary political discourse over Iran. Precious few analysts of Iranian politics have bothered to read the formative texts that helped shape the behavior of the Islamic Republic. Fewer still are familiar with the history and strategic culture that continues to animate the Iranian state. As a result, the Beltway policy community is consistently caught off guard by the Iranian regime's foreign adventurism and bankrolling of global terror, as well as by the scope of its international ambitions.

To be fair, not all branches of the U.S. government have been taken by surprise. In its inaugural report to Congress on Iran's military capabilities, released publicly in the spring of 2010, the Pentagon noted that Iran simultaneously is seeking to ensure “the survival of the regime” and to “become the strongest and most influential country in the Middle East and to influence world affairs.” The Pentagon also pointed out that the Iranian leadership's long-term “ideological goal is to be able to export its theocratic form of government, its version of Shia Islam, and stand up for the ‘oppressed’ according to their religious interpretations of the law.”⁴⁷

The Pentagon's subsequent 2012 report on the subject said much the same thing. “Iran continues to seek to increase its stature by countering U.S. influence and expanding ties with regional actors who are advocating Islamic solidarity,” it noted. “Iran also desires to expand economic and security agreements with other nations, particularly members of the Nonaligned Movement in Latin America

and Africa.”⁴⁸

Yet, as U.S. policy moved steadily toward engagement with Iran’s ayatollahs, this assessment was progressively watered down. Thus, in keeping with the Obama administration’s change in policy focus, the 2014 edition of the Pentagon’s report on Iran’s military capabilities was minimalist in nature and said nothing at all about the Islamic Republic’s ideological objectives.⁴⁹ In that regard, the report represents a more or less faithful reflection of the dominant view held by administration officials and supporters—these days, Iran is concerned above all simply with “regime survival.”⁵⁰

Iranian leaders, however, are thinking considerably bigger. That was the message Iran’s supreme leader, Ayatollah Ali Khamenei, sought to convey to officials in his government as recently as September 2014. In a meeting with members of the Assembly of Experts, the Islamic Republic’s premier religious supervisory body, Khamenei asserted that the existing international system is “in the process of change” and a “new order is being formed.” These changes, he made clear, are a mortal blow to the West and a boon to Iran. “The power of the West on their two foundations—values and thoughts and the political and military—have become shaky” and can be subverted, Khamenei insisted.⁵¹

Iran, in other words, is still revolutionary after all these years. And today, very much in line with Khomeini’s famous 1980 dictum that his regime must “strive to export our revolution throughout the world,”⁵² the Islamic Republic is pursuing a truly global agenda, one that is built around three primary fronts.

The first, and most immediate, is sectarian in nature. The Iranian regime views itself as the vanguard of the so-called Shia Crescent in the Middle East and the ideological champion of the interests of the beleaguered Shia minority in the Sunni-dominated Muslim world.⁵³ This outlook informs Iran’s ongoing sponsorship of Lebanon’s Hezbollah militia, its primary—and most important—terrorist proxy, as well as its backing of assorted Shiite insurgent groups in neighboring Iraq and Shia insurgents in Bahrain, Yemen, and elsewhere.

The second front is pan-Islamist. Iran’s leaders believe fervently that their regime is the natural ideological leader of the Islamic world and the rightful inheritor of the mantle of the Prophet Mohammed.⁵⁴ This conviction underlies Iran’s long-standing strategic rivalry with Saudi Arabia, Sunni Islam’s most important player—a contest Iran’s leaders see as one not only for strategic position, but also for ideological primacy. It is also what animates Iran’s repeated efforts over the past decade to goad the countries of the Middle East into a security condominium of its own fashioning, thereby becoming the region’s geopolitical center of gravity.

Finally, the Iranian regime has embraced the language of third-world populism, using it in its efforts to enlist countries in Latin America and Africa in a shared revisionist agenda on the global stage. The crux of this message was encapsulated in Mahmoud Ahmadinejad’s September 2011 address before the United Nations General Assembly, in which the Iranian president called for the formation of a “new world order” as a substitute for the current domination of the “bullying” West. It is a call that has resonated in many corners of the third world.

Former secretary of state Henry Kissinger once famously remarked that Iran faces a choice of being “a nation or a cause.”⁵⁶ Today, Iran’s leaders believe that their regime can be both. Even as they engage in a dialogue with the West over their nuclear program, they are acting out that conviction.

II

Subverting the Arab Spring

When a 26-year-old fruit peddler in the rural Tunisian town of Sidi Bouzid set himself on fire in December 2010 to protest government corruption and a lack of economic opportunity, it ignited a regional firestorm. Mohamed Bouazizi's self-immolation touched off escalating protests against the long-serving Tunisian strongman Zine el-Abidine Ben Ali, first in Sidi Bouzid, and subsequently throughout the entire country. Within less than a month, Ben Ali stepped down and fled the country in the face of widespread and sustained opposition to his rule.

Egypt was next. Beginning in January 2011, Hosni Mubarak, Cairo's immutable authoritarian sphinx for more than three decades, also found himself in the public crosshairs. Millions of disgruntled Egyptians took to the streets, congregating in the capital's Tahrir Square to call for release from the political stagnation and economic malaise that had come to characterize Mubarak's rule. In an effort to cling to power, the Egyptian president proffered a number of compromises and power-sharing arrangements. But by then, the crowd was seeking more fundamental change, and Mubarak was forced to resign.

Tunisia and Egypt may be the most dramatic examples of the widespread regional antiestablishment sentiment that became known as the Arab Spring, but they were hardly the only ones. Country after country experienced shockwaves from the political earthquake.

Iran was no different. Publicly, officials in Tehran took an exceedingly optimistic view of the antiregime sentiment sweeping the region. High-ranking Iranian officials repeatedly depicted the regional ferment as an outgrowth of Ayatollah Khomeini's successful 1979 revolution and the start of an "Islamic awakening" in which the Islamic Republic would inevitably play a leading role.¹ Iran's supreme leader, Ayatollah Ali Khamenei, even ordered the creation of a special "secretariat" headed by former foreign minister Ali Akbar Velayati to help bring Islamic movements to the political forefront throughout the region.²

Privately, however, officials in Tehran were all too aware that they could become the next casualty of the Arab Spring. The controversial June 2009 reelection of Mahmoud Ahmadinejad to the Iranian presidency had brought millions of protesters into the streets of Tehran and other Iranian cities—a groundswell of popular outrage that coalesced into the so-called Green Movement. Months of unrestrained protest aimed at the ruling clerical regime followed, presenting the Islamic Republic with its most fundamental political challenge since its 1979 revolution. Although the Iranian government successfully beat back this "green wave," mostly through the use of widespread brutality and repression, officials in Tehran were all too aware that discontent continued to simmer beneath the surface of Iranian society. They therefore worried that popular revolts taking place in Tunis, Cairo, and elsewhere could easily translate into renewed disorder at home. As a result, they determined that in keeping with the old axiom that "the best defense is a good offense," the surest way to prevent a "Persian Spring" was to harness, co-opt, and exploit these same stirrings abroad.

Egypt presented Iran with its first opportunity to influence the politics of the Arab Spring. During the three decades before Mubarak's ouster in February 2011, Tehran and Cairo were regional rivals and ideological adversaries. The animus dated back to the early 1980s and stemmed from Iran's opposition to Egypt's initiative, codified at Camp David, to normalize relations with the state of Israel. When Egyptian president Anwar Sadat was subsequently assassinated by a gang of military officers, the Islamic Republic openly took the side of the extremists, going so far as to name a street in Tehran after the lead gunman, Khalid Islambouli.³

The resulting hostility between the two countries was both deep and enduring. Diplomatic relations, suspended after Sadat's assassination, remained frozen for the following thirty years, a myriad of issues—from Iran's sponsorship of the Hamas terrorist group to its nuclear ambitions—created tensions between Tehran and Cairo. But Mubarak's departure and the subsequent rise of a new Islamist government in Egypt afforded Iran a new strategic opportunity.

Speculation about contacts between Shia Iran and Sunni Islamists, chief among them Egypt's Muslim Brotherhood, had been swirling around for years, encouraged by Iran's cooperation with Hamas and its tactical contacts with al-Qaeda.⁴ The rise of the Brotherhood to political prominence in Egypt following Mubarak's ouster brought these connections to the fore. In February 2011, Supreme Leader Ayatollah Ali Khamenei met Kamal al-Halbawi, a senior member of Egypt's Brotherhood, in Tehran, in what was widely seen as an Iranian effort to position itself at the vanguard of the Arab Spring.⁵ Thereafter, Tehran became a vocal supporter of the Brotherhood's political agenda and ascended to power in Cairo.

Even before the Brotherhood seized power in 2012, Tehran had already improved its position vis-à-vis the Egyptian state. In mid-February 2011, Iran requested, and Egypt's caretaker government granted, permission for two warships to transit the Suez Canal, which was the first time in more than three decades an Iranian warship passed through those waters.⁶ In the weeks that followed, the new government in Cairo also agreed to reestablish long-frozen diplomatic ties.⁷ Some Egyptians even went so far as to flirt with the idea of accepting Iran's long-standing offer of nuclear cooperation, something the Egyptian government under Mubarak had categorically rejected.⁸ These changes transformed Egypt from a hedge against Iran's regional ambitions into an enabler of them.

The subsequent rise of the Muslim Brotherhood to power in Cairo further deepened this budding alignment. Iranian leaders took pains to praise the "Islamic awakening" that had taken place in Egypt and made concrete political steps to normalize the long-unsettled relationship between Tehran and Cairo.⁹

Iran's ayatollahs found a willing partner in Cairo. In the run-up to his election as president, Mohammed Morsi allegedly conducted an interview with Iran's FARS News Agency, in which he waxed optimistic about the possibility of reactivating bilateral ties. "We must restore normal relations with Iran based on shared interests, and expand areas of political coordination and economic cooperation because this will create a balance of pressure in the region," Morsi is said to have told the news channel.¹⁰ Morsi subsequently denied the interview, perhaps to appease his domestic Sunni constituency. But he said much the same thing in more muted tones in September of that year at the annual summit of the Non-Aligned Movement, coincidentally held in Tehran, when he declared that he was handing over the movement's presidency "to our brothers, the Iranians."¹¹ (These contacts would come back to haunt Morsi; in February 2014, Egyptian authorities charged the ousted president with espionage and treason, accusing him of conspiring with "foreign powers"—Iran chief among

them.¹²⁾

The Iranian-Egyptian détente turned out to be short-lived, however. In June 2013, Morsi's Muslim Brotherhood-dominated government was overthrown and replaced with a military clique dominated by General Abdel Fattah al-Sisi. Initially, al-Sisi struck a conciliatory tone toward the Islamic Republic, making a point of inviting Iran's president-elect, Hassan Rouhani, to attend his swearing-in ceremony—the first time such an offer had been extended since Sadat's assassination.¹³ Rouhani demurred, sending an official representative in his place. But the incident was enough to fuel speculation that Cairo and Tehran were improving ties.

Indeed, early on, al-Sisi's government appeared genuinely interested in engaging the Islamic Republic. Seeking to fill the void left by the deterioration of the long-standing Egyptian-American strategic relationship, Cairo began courting all manner of new foreign-policy actors—including, most conspicuously, Russia, with which the al-Sisi government signed a multi-billion-dollar deal for arms and defense supplies.¹⁴ Iran figured prominently in this calculus as well; in October 2013, the interim foreign minister Nabil Fahmy said as much when, in an interview with Iran's Press TV, he called the Islamic Republic a "very important" country with which his government is seeking better relations. "The new Iranian president has sent out to the world some positive signals and the world is interested in engaging Iran," Fahmy said.¹⁵ Cairo, moreover, continued to thaw chilly relations despite significant domestic opposition in Egypt over the prospects of détente between the two longtime regional rivals.¹⁶

Quickly, however, Cairo soured on the possibility of resetting relations with Tehran and came to view Iran once again as a destabilizing force—and for good reason. In January 2014, Egypt's chargé d'affaires to Tehran delivered a communiqué to Iran's foreign ministry formally complaining about Iran's interference in Egypt's internal affairs.¹⁷ Egypt's complaint was a reflection of the Iranian perception that al-Sisi, who launched a very public campaign to clip the political wings of the Muslim Brotherhood in Egypt, was not a worthwhile ally in their "Islamic awakening" and a response to Tehran's consequent attempts to subvert his government.

Iran's efforts in this regard appear to be under way. The Iranian regime reportedly formulated a strategy to train and equip Islamic militants opposed to the Egyptian government.¹⁸ This initiative included training a Libya-based proxy group known as the Free Egyptian Army in northwest Libya and a similar effort by the Islamic Republic's Quds Force paramilitary to train Muslim Brotherhood militants in Sudan, thereby expanding the lethality and sophistication of the insurgent threat facing the Egyptian government.¹⁹

QUIET SUBVERSION IN BAHRAIN

Egypt was not the only arena in which Iran attempted to improve its regional position. In the Persian Gulf kingdom of Bahrain, Arab Spring-related ferment in 2011 gave Iran a new opening through which to expand its regional influence.

That opening was demographic in nature. The majority (some 70 percent) of Bahrain's 1.2 million-person population was Shia, while the country's ruling al-Khalifa family was Sunni. This was an inversion of the prevailing demographic in the overwhelmingly Sunni Gulf region—and one that provided the Islamic Republic an opportunity for leverage.

Beginning in February 2011, inspired by similar protests in Tunisia and Egypt, Shiite Bahrainis took to the streets to protest systemic inequalities and repression and torture carried out by the a

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