



Key Issues in the United States-Iranian Relations 1980 – 2012

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ABSTRACT

In the views of Palmer and Perkins, (2007) “these are times that try men’s souls”. The statement corroborates the America relations with Iran since the mid-1980s, when the United States, Israel and other Western Powers started accusing Iran of Uranium enrichment toward pursuing a nuclear weapons capability, a situation which has resulted in Iran’s isolation and sanctions thereby attempting to prevent the country from becoming an axis of power in the Middle East. This study is an attempt to underscore issues in US-Iranian relations between 1980 -2012. It has unraveled why Tehran might not want to reconcile with the US and how possible strikes on Iran by the US or Israel could lead to greater security challenges in the international system. The study advocates a multi-dimensional cum multilateral approach to deal with Iran’s nuclear issues. Noting that, such approach should take into account both the demand and supply sides of the nuclear proliferation equation.

INTRODUCTION

Since the Iranian revolution and the hostage crisis of 1979 till date, the US in conjunction with United Nations and European Union have imposed unilateral and multilateral sanctions on Iran which have not drastically changed Iran’s political behaviour toward the nuclear programme she had been accused of. Nevertheless, the US had successfully lured the United Nations and the European Union to sanction Iran, but like it has been stated above, such moves had not change Iran’s political behaviour toward those issues which she had been accused of. Nevertheless years after the revolution,

Key Issues in the United States-Iranian Relations 1980 – 2012

Iran had continually allowed regular inspections of its nuclear program by monitors from the International Atomic Energy Agency (IAEA). In 2003, Iran admitted it had been secretly enriching uranium, a process that is necessary to create both nuclear power and nuclear weapons. In the face of international condemnation, Iran voluntarily suspended its enrichment program, but the suspension was short lived.

In 2006, when a deal with the international community was not achieved, Iran began enriching uranium again. Although the IAEA has expressed concerns about Iran's nuclear program, it has stated that there is no definitive proof that Iran is developing nuclear weapons. The United States and other governments around the world worry that Iran intends to build a nuclear weapons. Iran's past President Ahmadinejad has staunchly defended Iran's right to a nuclear program on the basis that it is only developing nuclear materials for peaceful purposes, a right protected under the Non Proliferation Treaty (NPT). The dilemma for the international community is that it is difficult to distinguish between "good atoms" for peaceful purposes like nuclear power and "bad atoms" for military purposes. As a result, many world leaders have impressed on Iran to obtain nuclear fuel from other countries rather than produce the fuel itself.

To this end, U.S. response to Iran's nuclear program is tied to a number of important issues. The United States has labeled the Iranian government a state sponsor of terror for its support of radical Islamic groups like Hezbollah in Lebanon and Hamas in the Palestinian Territories, also the United States accuses the Iranian government of human rights abuses against the Iranian people. During a contested presidential election in 2009, hundreds of thousands of Iranians took to the streets to protest against the government. In the crackdown that followed, security forces killed dozens and arrested thousands. The government later admitted that some of those arrested were tortured in prison. U.S. President Obama sharply condemned Iran's leaders for the violence. The Iranian Uranium enrichment has caused a sharp divide between Iran and the US and other western powers and Israel. It is with the above mentioned situations that this paper is attempting to underscore the issues in the United States-Iranian relations since the 1980s.

Issues in Iran-US Relations

Scholars of international politics/studies may have attributed different factors that have led to the clash of interest between the US and Iran. Mahdih, (2013:137), noted, "After the revolution of 1979, Iran's history entered a new phase of evolution with the concept of the Islamic Republic and Islamic

government having a new notion which was automatically anti-western policy orientation". The differences between Iran and the US became expanded with this issue. The new approach of the Islamic republic policies had been viewed by scholars as anti-US regional and national interest. According to Mahdieh, "the peak of the quarrel between the two countries occurred during the Iranian hostage crises that gave yield to the starting point of the US's sanction against Iran and with the strategic events of September 11, 2001".

A notable scholar Jahangir Amuzegar had attempted to underscore the reasons for the conflict between Iran and the United States as follows: firstly, there is a general view that from the revolution of 1979, Iran was attempting to export Islamic revolution to other countries in the Middle East and North Africa. This singular factor was made known through Ayatollah Khomeini (Iran's spiritual leader), who declared his intention then to export the revolution to the other parts of the Muslim world". Groups tagged as terrorist groups by the US and the West are groups in which Iran had identified directly or indirectly with e.g. Hamas, Hezbollah, and Taliban and presently ISIS rebels attempting to establish an Islamic state in Iraq, Syria and other parts of the Middle East. Some of these groups are groups that have fought for the return of the occupied territory in the West Bank and the removal of Israel from the world's map to no avail.

Even before the September 11, 2001 episode, the United States has referred to terrorist cells as axis of evil, the Iranian government had continued to support such groups as mentioned above and after September 11, 2001, it never condemned the act but was rather in support of those that carried out the act. Thirdly, the Islamic republic of Iran is one Middle East country that had aspired to become a hegemonic entity in the Middle East by amassing and producing arms and weapons of mass destruction and also Iran's human rights record and abuses by the then Ahmjinadad regime have been worrisome and unacceptable by the US.

Finally, the most important challenge facing the US/ Iran relations is the uranium enrichment towards the development of a nuclear weapon, a situation which the US is seriously not in support for obvious consequences. If Iran gets hold of such weapons, it could hand it over to the enemies of the US to use it against Western interests. "The US in particular highly distrusts Iran's pursuance of a nuclear programme due to suspicion about weapon development" Mahdieh (2013:139). But Iran had kept insisting that her Uranium enrichment is for peaceful purposes.

On the other hand, the Iranians are of the view that "the US seeks to dominate the Middle East, and together with its local allies control the region

strategically and loot its resources” Khamenei,(2008:2). To this end, “Iran’s mission is to keep her independence by fighting this hegemonic and oppressive system and spreading its revolution by presenting a blueprint for an Islamic republic... and defending the said to be deprived masses in the world of Islam and the wronged people who have been trampled upon by US tyranny” Khamenei, (2008:2).

It should be noted that “in the regional context, Iran’s actions translates into calls for the expulsion of Western presence and support for the Palestinian and other resistant forces. Iran’s challenge to the regional order is not military but political; it is about exerting influence, appealing to the masses on the street, demonstrating that Iran can confront injustice, by presenting a viable model of resistance and framing the regional agenda” Hokayam, (2008:21).

In the foregoing, Iran is very elusive of being an imperial force to reckon with at this point or an unexceptional opportunistic force seeking to exert dominance on her immediate neighbours. Nevertheless, “it is a revisionist state in terms of status, not territory” Shahram, (2009:165). Noting the strategic importance of the Middle East to the United States, such as have grown in recent years, shaped by factors like “energy security, international terrorism and nuclear proliferation” Shahram, (2009:166). Also to Shahram, the US policy towards the Middle East after World War II has been encapsulated by these words “access and denial”. The US had embark on political, military and resources access to the region and has tapped its resources through her proxies and military bases to cut control over the enclaves of any major power in the international system, especially powers that are not ideologically friendly with the US policies. In recent years, the identity of the most likely rival powers shifted from the Soviet Union to Iraq and presently is Iran” Shahram, (2008:166).

To ascertain the US interest in the Middle East, it had established military bases in friendly Middle Eastern states of Bahrain and the Persian Gulf states of Kuwait and Qatar. The US is seriously interested in the orderly security system of the Gulf States, especially as the region develops politically. “She envisages the evolution of an orderly security system as the Gulf States develop politically, establish competent military forces and cooperate collectively” Shahram, (2008:167). With the above development, Iran with or without a nuclear weapon, is seen as bent on the subversion of this system; its determination to extend its influence throughout the broader Middle East is regarded as a grave threat to regional security” Rice, (2008:18).

Still, an Iranian defence official in an interview had noted that, “Iran faces no threat from regional states; hence the probable challenge is from an ultra-regional power like the US” Mohammed, (2008). Furthermore, it is also believed that the US is attempting to use the nuclear weapon issues to whittle down Iran’s regional power/ influence, which it deemed as already receiving growth that no state in the Gulf can repel. Nevertheless, this situation had tended to frame the issues in the development of Iranian nuclear weapons as US problems; the aftermath of such development would amount to a regional issue, which makes it a direct concern of the Iran’s immediate neighbours, even when they are reluctant neighbours in the same settlement. Similarly, no technical fix on the issue will be viable except the US and the Iranians soft paddle and embark on carrot which could amount to a peaceful negotiation toward the crisis.

In another sphere of the issue, the idea that the US – Iranian rivalry is in the broadest sense a battle between Islam and Western societies is at the core Middle East politics presently. It should be noted that “the Palestinian issue has been reframed to focus on the threat from Hamas; the views of the US and Israel here is that, “any area withdrawn from will be taken over by the Iranian proxies” Buck and Barber, (2008:7). There are also indications that the war between Israel and Hezbollah in Lebanon in 2006 and the war between Hamas and Israel in 2014 was a war between US and Iran through their proxies and presently (2014), the Israeli regime had continued to accuse Iran of secretly providing Hamas with weapons for usage against Israeli Interest. To this end, the interest of the US in the Middle East has contributed to change in the regional context which had allowed Iran to contend with the US and her allies on a much higher ground presently.

The US, Iran and Her Neighbours in the Middle East

Iran’s critical stance and activism against the US have not been devoid of regional critics. According to Business Intelligence, (2008:2) Iran is on a surge, playing many cards in Iran but not in the Arab world’s interest; what is seen in Lebanon are gains by Islamic party by Iran. Also the head of Egypt’s Foreign Committee was blunt according to Shahram, “we will not allow Iran to export the Islamic revolution to Egypt... Egypt will not tolerate the presence of an Iranian Islamic emirate in Gaza”. Nevertheless, the Iranian only remaining friend in the Arab world has been Syria. That is why the hard line Iranian regime led by Ahmajinadad then had supported the Assad regime through Hezbollah and other discreet means to fight alongside the government forces in the Syrian crisis.

Scholars are of the view that a shared apathy to Saddam's Iraq was the base holding this odds together, but a shared sense of being threatened by the attempt to export the revolution in the 1980s most directly to Bahrain and Kuwait, the Arab states combined to side Iraq to opposed Iran" Fertig, (2007:633). Also most scholars had also viewed the formation of the Gulf Cooperation Council (GCC) in 1981 as the distinct and wary nature over Iran's behaviour in the region. Nearly all the states of GCC look to US and other western regimes to offset and balance their powerful neighbour (Iran). Nevertheless, none of them finds it useful to confront the Islamic Republic of Iran, otherwise would be provoking war, and also none of them is interested in supporting Iran of its uranium enrichment basically because they know the implication of such development on world peace and stability.

Notwithstanding, from findings, it has been argued that "Iran's nuclear policy to a larger extent is being driven by domestic, regional and international dynamics, notably, security, national pride and international economic and political developments" Gawdat, (2006:312). The 1979 revolution in Iran dramatically changed the security environment between Iran and her neighbours. "After fighting for eight long years against Iraq, Saddam Hussein invaded Kuwait, and in response, the US led an international coalition that defeated him. For over twelve years, international sanctions were imposed on Iraq and the country's socioeconomic conditions and military power had to substantially deteriorate. In 2003, the US led another international coalition that toppled Saddam's regime and eventually arrested him" Gawdat, (2006:313).

Nevertheless from the eastern part of the Iranian border is Afghanistan that had a regime then headed by a fundamental Sunni Islamist group, supported by Saudi Arabia and Pakistan. The Taliban was then in charge of Afghanistan and the Iranian government over the years had supported the largely Shiite Northern Alliance that was in charge of a small part of the country. The relations between Afghanistan and Iran got to its peak in the 1990s when the two nations came close to a military confrontation. After the 9/11 episode in the US, the US military invaded Afghanistan and removed the Taliban; since then the US has been part and parcel of the political and military institution in that country. According to Gawdat (2006:313) sworn regional rivals were defeated by another archenemy being the US.

These changes in the security and political organization close to Iran were accompanied by a significant development in South Asia. The entrance of India and Pakistan into the nuclear club in the 1990s with Russia, US, UK, France, China and Israel, is an issue to contend with by the Iranian government. The geographical proximity to several nuclear powers has

heightened Iran's sense of vulnerability Gwadat, (2006:313). There are arguments by scholars that Iran is seeking nuclear weapons enrichment in order to address this perception of insecurity from neighbours. In other words, the survival of the Islamic Republic and Iran's territorial integrity is the main drive for Tehran's nuclear ambition. To this end, Israel and the US are frequently mentioned by strategists as the main sources of potential threat to Iran's national security Shahram, (2009:168).

Succinctly, Iran and Pakistan as noted by Shahram, (2003:99) "have no major bilateral disputes". Nevertheless, their relations are shaped by some identifiable factors; sectarian rivalry has always influence relations between Tehran and Islamabad. Iran is predominantly Shiites while Pakistan is largely Sunnis. The two had to support different factions in the Afghan crisis before the year 2001. Also, to be noted is that, "Iran had been concerned about protracted violence between the Sunnis and the Shiite in Pakistan" Gawdat, (2006:313). It should also be noted that Pakistan has had a good relation with the US, it was only in the late 2000 that the US discovered that the perpetrator of the 9/11 terrorist attack (Osama Bin Laden) has been in close contact with the Pakistani authorities that their relations started deteriorating. Also, since the mid-2000s, the Pakistan regime has had a close relation with the US because the regime then headed by General Musharaff choose to accommodate Israel; despite their differences, Pakistan had before now provided Tehran with some technical assistance towards the Iranian nuclear weapons programme particularly through the Pakistan Abd al-qadir Ehan, also the two countries had negotiated a proposal to construct a pipeline to ship natural gas from Iran to Pakistan possibly through India.

On the foregoing, "Iraq had also provided the strongest incentive for Iran to seek non-conventional capabilities" Schiff, (2003:8), noting further that "prior to the 1980-88 war, the two nations were involved in rivalry over regional leadership, this rivalry was fueled by territorial disputes, ethnic and sectarian divisions and conflicting ideological and foreign policy orientations". The aftermath of the war was in favour of Iraq which used chemical weapons against the Iranian troops. These chemical weapons killed and injured thousands of the Iranians and played a major role in the war. Iran after all discovered that after the war the international community did little to condemn Iraq or to protect Iran. To some scholars, the indifference is enough for Iran to justify to arm herself with nuclear weapons for defence and deterrence" Schiff, (2003:7).

Shahram has asserted that "Iran has learned from its war with Iraq that, for deterrence to operate, the threatening states must be confronted with the certainty of an equivalent response. The threat of in-kind retaliation (or worse)

deterred Iraq's use of chemical weapons in desert storm; it appears that the absence of such a retaliating capability facilitated its decision to use chemical weapon against Iran" (Shahram, 1995:86). According to Gawdat (2006:314), the dynamics of the Iran – Iraq rivalry have fundamentally changed, first by the Gulf War (1990 – 91) and later, by the war in the Iraq (2003). Saddam Hussein's regime is no longer in power and has been replaced by new leaders with close ties with Iran. Any attempt to predict the future of post Hussein's Iraq now would be unproductive.

Nevertheless, how a Shiite-led government in Baghdad with close relations with US will affect Iran's security perception is yet to be seen. Knowing these uncertainties regarding the enemy Iraq, the Iranians seem to have concluded that they should not take any risk and should "pursue some kind of nuclear hedging" Yaphe and Lutes, (2005:5).

According to BBC monitor, (1998) "Iran does not recognize Israel, and sees it as an occupying force in Muslim land, oppressing the aborigines". Nevertheless, Iran has supported anti-Israeli organizations such as the Hezbollah, Islamic Jihad and Hamas to make sure that Israel is wiped out of the world map. To this end, "the fiery calls to destroy Israel are meant to mobilize domestic and regional constituencies" Gawdat, (2006:315). According to Ray, (2005), although the supreme leader Ayatollah Ali Khomeini had summed up his country's stand on the Arab – Israeli conflict by stressing that "the Palestinian issue is not Iran's Jihad".

Iran and US Diplomatic Row as a Threat to World Peace

Today, international concern about the Iran nuclear programme has reached a feverish pitch. At times, it seems a US war with Iran is imminent. But observers are fast to the view that, Iran might be bluffing like North Korea. Others had wanted to know what the actual status of Iran's nuclear programme is, and also what are the key concerns of the US policy makers on the issue. Although the Iranian-US relation to date is fraught with tensions, let it not be forgotten that for many years the two countries were close allies. In fact it was from the US that the Iranian government first got support to kick start the nuclear enrichment. To this end, it should be noted with clarity that, the threat from Iran's nuclear programme is real, and it is immediate. It is also clear that, Iran seeks to develop a nuclear weapon. By some estimate, some observers believe Iran is months away from developing a nuclear weapon and the United States should act to destroy such facility. Nevertheless to buttress the above view, if Iran acquires a nuclear weapon, there is a popular believe that, it might use them against Israel and other US

interest in the Middle East since Tehran had related closely with groups believed to be terrorist inclined

According to Watson Institute for International Studies, (2011), as a state sponsor of terror, Iran may pass also nuclear weapons on to radical Islamic groups that it has supported such as Hezbollah and Hamas. In addition, Egypt, Turkey, Saudi Arabia and other countries in the region might feel they need nuclear weapons for their own protection if Iran indeed acquires them. Such could lead to further proliferation. Ali Ahani, has noted that, “any military attack against Iran by either Israel or the US may lead to world war III” Press TV, (2013). He noted further that, the objective to destroying Iran’s nuclear facilities is share madness”. Its consequences are disastrous and uncontrollable; he believes that, Iran will not stand idle by in the face of such aggression. Such attack could entail a chain of violence that might lead to world war III. Nevertheless an attack on Iran could be a terrible mistake for security and the wellbeing of states in the Middle East especially Israel. Also such an attack either by Israel or US or jointly could unlikely provoke a wide spread anger or sympathy for the Iranian regime among Arabs in the middle East, especially given the wide spread Sunni hostility toward Tehran for her ongoing support of the embattled Syrian regime.

Also most opinion leaders are of the view that, an attack on Tehran could gain the support of Arab leaders in private however harshly they might condemn it in the public. Notwithstanding the arch tensions between the Arabs and the Israelis, an attack by Israel’s supported by the US could draw a greater criticism of the US. It could also help to repair American tarnished image by the Sunni, and incense the masses in Afghainsthan and Pakistan given US military involvement in those countries in the past.

Cartright and Yadlin (2013) asserted that, “a US and Israeli strikes against the Islamic Republic of Iran could cause colossal civilian damage and other damages in which the Iranian public and the world will perceive as not only strike on nuclear capabilities, but the beginning of another US led war in a Muslim country”. The strikes are more likely to anger countries like Russia and China and further diminish the already weakened American standing as an honest broker in the Muslim world.

Finally according to Cirincione, (2006:1), “the world would be a more dangerous place with nuclear weapons in Iran. A Persian power with a keen sense of its 2,500-years history, Iran occupies a pivotal position straddling the Caspian Sea and the Persian Gulf. The country has the largest population in the Middle East, the world's third largest oil reserves, the second largest natural gas reserves, and aspirations to again become the region's major

power. Add nuclear weapons to the mix, and the likelihood of trouble increases significantly”.

Why Iran Might Not Want To Reconcile With the US

In views of Bayman, (2007:169), “the problem of terrorism has plagued the US–Iran relations since the Islamic revolution”. Arguably, the United States pressured Iran more than almost any other country in the world during the 1980s and 1990s as result of the aftermath of the above mentioned events. In the aftermath of the hostage crisis, the United States severed her diplomatic ties with Iran. At the peak of Iran’s war with Iraq, the United States provided intelligence, financial assistance, and other forms of aid to help Baghdad survive and eventually forced Iran to the negotiating table, Magnus, (1997:177). To respond to the Iranian attacks on U.S. re- flagged oil tankers in 1988, “the United States sank several ships in the Iranian Navy and also destroyed several Iranian oil platforms. The United States also downed an Iranian civilian airliner, killing almost 300—a mistake that still angers many Iranians. U.S. strikes were, however, successful in getting the Iranians to cease their efforts at intimidating Iraq’s allies in the Gulf. Following the 1991 war with Iraq, the United States continued to maintain a large military presence in the Gulf. The U.S. troop presence in the Gulf varied between 8000 and 25000. The United States also established a series of basing and repositioning arrangements with several of the Gulf monarchies. This presence was in large part intended to deter Iraqi aggression and contain the regime in Baghdad”, Bayman, (2007:169). Nevertheless, the United States had sought to use this presence to deter any Iranian adventurism and whittle down her regional influence. The United States also took several covert measures to counter Iran. In 1995, the United States Congress proposed \$20 million to overthrow Iran’s government. This attempt at rather overt covert action, however, does not appear to have made any significant progress. In 1997, in contrast, the United States launched “Operation Sapphire,” which, according to Slavin, (2004:2) led to the successful identification and expulsion of Iranian intelligence officers around the world.

To this end, sanctions have proven the cornerstone of U.S. policy toward Iran since the 1979 Islamic revolution; they have not persuaded Tehran to abandon its support for terrorist groups. Immediately after the revolution, Iranian students and other activists seized the U.S. embassy, holding 52 Americans hostage out of 66, Bayman, (2007:170)). He further noted that, in response to this and other provocations, the United States froze \$12 billion in Iranian assets, suspended hundreds of millions of dollars’

worth of arms purchases, and banned imports from Iran. Although the UN failed to join in these measures and did not require its member states to punish Iran, Western European states and Japan also banned the export of arms, halted new contracts from being signed, and limited investment in the revolutionary state, Meghen, (2003:48). American sanctions continued even after the hostage crisis ended, also on the other hand, the European and American sanctions, however, had several loopholes that made them far stronger on paper than in reality. Meghen, also noted that “although they banned new contracts with the Islamic Republic, they allowed existing contracts to be “expanded,” in essence allowing new sales. The rather weak nature of these sanctions contributed to the Carter administration’s decision to opt for a rescue mission, as they believed international support would not be forthcoming. In addition to punishing Iran for its support of terrorist groups, Washington had used sanctions to address other grievances: to curtail Iran’s weapons of mass destruction programs, to limit Iran’s rebuilding of its conventional military arsenal, and to dissuade Iran from opposing the Middle East Peace Process. Meghen, (2003:47). In the past year according to Bayman, the number and type of U.S. sanctions increased. In 1984, Iran was added to the state sponsor list, which brought a host of mandatory economic restrictions.

In particular, the United States denied Iran arms—a serious loss, as the pre-revolutionary regime relied almost entirely on U.S. weapons systems and was engaged in a life-or-death struggle with the Iraqi regime from 1980 to 1988. In 1987, the United States stopped most imports from Iran due to terrorism. This policy did not end with the end of the Cold War, however. In 1995 President Clinton prohibited investment in Iran’s oil industry. The United States also opposed an oil pipeline that would cross Iranian territory, blocked international bank loans, and opposed Iran’s memberships in international organizations.

Also the United States also extended the reach of sanctions beyond Iran, punishing those countries that assisted or invested in Iran. In 1996, the Anti-Terrorism and Effective Death Penalty Act outlawed any financial relations with Iran and also prohibited assistance to countries that provided military aid to Iran. That same year, Congress passed the Iran-Libya Sanctions Act (ILSA), which imposed penalties on foreign companies that invested more than \$20 million in Iran’s oil industry, Bayman (2007:177).

As U.S. pressure increased in the mid-1990s, several European states tried to foster moderation in Iran through a process known as “critical dialogue.” European states—despite having experienced Tehran’s terrorism more recently than the United States—did not see Iran as a major threat. Moreover,

some European leaders believed that dialogue would reduce Iran's hostility, Meghan, (2003:90). Even after the beginning of "critical dialogue," Iran continued to use terrorism in the early and mid-1990s and as a result risked multilateral sanctions. The killing of Iranian dissidents in Europe and the religious decree calling for the murder of British author Salman Rushdie both strained relations with European capitals. U.S. diplomatic pressure on Europe to act against Iran further increased the pressure. The Khobar Towers bombing also increased the risk of a strong U.S. response and gave Washington additional leverage to use with its allies when it pressed them on terrorism. Over time, however, the cumulative effect of sanctions and isolation—and, more importantly, the risk that additional attacks would lead to increased pressure—led Iran to reduce its direct involvement in terrorism. Fearing that this growing pressure would jeopardize his government's economic program and isolate his regime, Rafsanjani drew back. He put a stop to the assassination of dissidents in Europe and mended fences with the Gulf monarchies. The lesson learned was that Rafsanjani and other Iranian leaders proved particularly sensitive to the risk of a joint U.S.–European front. U.S. pressure eased somewhat in the late 1990s, as the United States hoped that the new, reformist government of President Khatami elected in 1997 would lead to a rapprochement with Iran. In 1997, the Clinton administration removed Iran from the list of states involved in narcotics trafficking and placed the Mujahedin-e Khalq, a murderous terrorist group that had enjoyed some sympathy in Washington because it was opposed to the clerical regime, on the initial listing of Foreign Terrorist Organizations. In 1998, the Clinton administration issued a waiver to ILSA for the French oil company, Total, allowing it to invest in Iran's oil industry and averting a transatlantic crisis. Secretary Albright also gave a speech that welcomed Khatami's election and called for an improved relationship. One year later, permission was given to export food and medicine to Iran.

In 2000, the Secretary of State lifted restrictions on the import of Iranian carpets, caviar, and pistachios. For the most part, these gestures had little impact on Iran's economy but were intended as symbolic gestures of U.S. openness in addition to paving the way for further rapprochement. Most importantly, however, the Clinton administration decided not to retaliate for the Khobar Towers attack despite considerable evidence of Iranian complicity. Administration officials reasoned that retaliation would strengthen the opponents of reform in Iran. Moreover, limited military strikes in retaliation for terrorist attacks historically have had a poor record of success. Finally, the passage of time since the 1996 attacks and the eventual determination of Iranian culpability made it harder to generate international

support for any retaliation. Although unsuccessful in stopping terrorism, the range of U.S. sanctions did hurt Iran considerably. Financial pressure, in particular Washington's successful efforts to block IMF and World Bank funding to Iran, made Iran's debt crisis more debilitating. Until the 1998 waiver for Total, ILSA also discouraged foreign investment, which along with other sanctions delayed the development of Iran's dilapidated oil infrastructure. Meghan O'Sullivan, however, contends that sanctions are only a small part of the explanation for Iran's economic morass. She notes that the plunge in the price of oil (in the 1980s and 1990s), along with the war with Iraq, and political mismanagement would have led to a crisis in any event, Meghen, (2003:61, 67-72). Although the economic impact of sanctions on Iran was damaging, it did not affect the political orientation of the regime, particularly with regard to terrorism. Iran did shift its terrorism away from Europe and the Gulf and toward Israel, but this shift did not advance, and arguably set back, overall U.S. objectives. Moreover, the sanctions increased Iran's hostility toward the United States, enabling the regime to cite sanctions as "proof" that Washington sought to crush the Islamic revolution, Meghen (2003:86). Nevertheless, Iran was able to resist sanctions for several reasons. First, although the United States was a major market for Iranian products, Tehran diversified its trade partners and worked through third countries to reach the United States. Second, Iran's major export—oil—is in essence a global commodity, and the cutoff of one market to one supplier has no significant impact on a country's ability to gain the maximize price for its exports. Because Iran's regime depended for legitimacy on Islamic radicalism and Persian nationalism, both of which opposed any perceived kowtowing to Washington, the costs of complying with U.S. pressure were considerable. Iranian leaders risked being branded as puppets of the United States if they gave into U.S. pressure, a particularly heavy charge as the regime came to power in part on a wave of anti-Americanism. The consolidation of conservative power in Iran in recent years, symbolized by the election of Mahmoud Ahmadinejad as Iran's then president, only worsened the problem, but there is hope at present as the new regime in Iran headed by Hassan Rouhani might be tilting toward a reform owing to the fact that he has continued to say the Islamic Republic cannot continue to remain in isolation from the west.

CONCLUSION

This study is advocating a multi-dimensional cum multilateral approach to Iran's nuclear issue. The approach should take into account both the demand

and supply sides of the nuclear proliferation equation. The main approach should take into cognizance the following: Cooperation between the United States, Europe, Russia, and China and strengthening order to reach a solution on the Iranian nuclear impasse. Solely or exclusively relying on sanctions, denunciations, and other forms of coercion are not sufficient enough to deter Iran. An effective approach should include a combination of incentives and disincentives. There need to engage Iran politically, economically and diplomatically have been appreciated by this paper.

Several nations in Iran's neighborhood possess nuclear capabilities (China, India, Israel, Pakistan, and Russia). Furthermore, American troops surround the Islamic Republic almost from all directions. Iran's security concerns need to be addressed. A regional security forum endorsed by global powers would represent a positive development to reduce incentives for nuclear weapons. Washington should consider several options devoid of military solution to ensure Tehran does not provide chemical or biological weapons or other unconventional systems to terrorists and to decrease its support for terrorism in general. Top priority must be given to cutting Iran's ties with Al Qaeda and other terrorist groups in the world. In contrast to Iran's traditional proxies, Al Qaeda does not recognize the U.S. "red lines" and actively seeks weapons of mass destruction. The United States must make clear to Tehran that it will not tolerate continued harbouring of senior Al Qaeda members or any Iranian ties, direct or indirectly with terrorist groups.

Much pressure and intelligence efforts cannot be maintained by the United States alone. The relative failure of pressure on Iran suggests the importance of multilateralism. When Iran feared in the mid-1990s that the United States would succeed in getting European states to join in sanctions, it reduced its support for terrorism in Europe. U.S. power alone has proved far less effective. To whittle down Iran's use of terrorism globally, the United States must develop a more nuanced approach to state terrorism. This requires giving the executive branch more flexibility in its implementation of punishments linked to the "state sponsors" list. In particular, the executive branch should be given more power to reward states that are improving their behaviours with regard to terrorism, even though they fall short of all the desired measures.

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Key Issues in the United States-Iranian Relations 1980 – 2012

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