

Brinkmanship in the Persian Gulf. What Drove American and Iranian Policy in the Summer of 2019?

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This essay purports to look at the anatomy of the almost-crisis in the Persian Gulf in the summer of 2019. It aims at identifying the role played by domestic and external factors behind the policies espoused by the two principal actors in the drama – USA and Iran. It assesses the strategic dynamics of the Persian Gulf region at present and situates US decision to pull out of the deal in 2018 which triggered the crisis. The essay then goes on to situate the brinkmanship on either side, factoring in domestic and foreign policy considerations of the principal players. The essay veers towards policy alternatives present before the principal players and their attendant problems within the matrices of the structural dynamics of the region as well as those of domestic policy.

Keywords: conflict, risk of escalation, Iranian nuclear programme, Persian Gulf, Middle Eastern

Introduction

In the course of the summer 2019 the world witnessed a slow but steady escalation in tensions in the Persian Gulf region that at one stage nearly degenerated into conflict. It involved a series of decisions by Tehran to reduce its obligations under the 2015 nuclear deal, which coincided with a heightened sense of threat to tanker traffic posed by Iran, and a number of developments that made conflict appear increasingly likely. Despite both USA and Iran were averring that they do not intend their frictions to degenerate into a conflict, the possibility of a conflict was not ruled out altogether given the manner of their handling of the slowly unfolding crisis. The brinkmanship that characterised the conduct of Washington and Tehran appeared to be boxing both unwittingly into a corner from which they are unlikely to be able to move out easily. Eventually the immediate crisis was defused, making some observers optimistic that the underlying causes of the crisis may also end up being resolved at least somewhat, and some measure of stability may return to the region before a second series of developments in early autumn revived the earlier fears. If eventually the situation escalates into a conflict, it

has the potential of gaining a regional dimension, which could disturb the flow of oil from the region, and hence trigger a period of high oil prices globally in the medium and long term.

Despite the fact that the Persian Gulf crisis of summer of 2019 was essentially played out in the arena of international politics, it had powerful drivers rooted in the domestic sphere of the two principal actors, USA and Iran. Thus, the crisis promises to provide a useful study on the question whether foreign policy of a state enjoys some kind of autonomy (*primat der aussenpolitik*), or whether foreign policy is necessarily influenced by domestic political and economic considerations (*primat der innenpolitik*).¹ However, instead of arguing in favour of one case or the other, the study of diplomatic history (as much as international relations) has increasingly come to be dominated by the view that it is through an interplay of domestic and external policy considerations that international relations ensue and this particular essay follows that line of argument.

This essay purports to look at the anatomy of the almost-crisis of the summer of 2019, and aims at identifying the role played by domestic and external factors behind the policies espoused by the two principal actors in the drama – USA and Iran. It begins with a brief glance at the Iran Nuclear Deal of 2015; it then goes on to look at the changing strategic dynamics of the Persian Gulf region at present and addresses US decision to pull out of the deal in 2018. The essay then goes on to decode the brinkmanship exhibited by either side in the summer of 2019, factoring in domestic and foreign policy dynamics of the players. In the last section the essay veers towards policy alternatives resting before the players and their attendant problems within the matrices of the structural dynamics of the region as well as those of domestic policy.

¹ The debate between the two schools of thought has been played out mostly among historians of 19th and 20th century Germany, fixated with the question of Germany's responsibility in the making of the two World Wars. Protagonists of *primat der aussenpolitik* have tended to argue that foreign policy of a country often runs independent of and contrary to its domestic policy considerations, just as annexationist policies of Prussia had taken a 'satiated' Germany into a devastating war in 1914 and Hitler with his annexationist designs had dragged Germany into World War II. The most important exemplars of this position are: Gerhard Ritter, *the German Problem: Basic Questions of German Political Life, Past and Present*, Columbus, OH: Ohio University Press, 1965; Klaus Hildebrand, *German Foreign Policy from Bismarck to Adenauer: the Limits of Statecraft*, (tr. Louise Willmot), London: Unwin Hyman, 1989. etc. By contrast, protagonists of *Primat der Innenpolitik* believe that domestic considerations necessarily impinge on foreign policy decisions, just as they had done in Germany's path to both the world wars. The best examples of these position are to be found in: Hans Ulrich-Wehler, *the German Empire 1871–1914*, Oxford: Berg Publishers, 1997; Fritz Fischer, *From Kaiserreich to the Thrid Reich, Elements of Continuity in German History 1871–1945*, Crows Nest: Allen and Unwin, 1986.

The Making of a Crisis

The crisis during the summer of 2019 had begun to unfold when Tehran professed its intention to stop adhering to its commitments under the Iran Nuclear Deal of 2015,² following a year of waiting for any positive steps by the deal's other signatories after Washington reneged on it.

Signed in July 2015 with the aim of keeping Iran from developing nuclear weapons capability, the JCPOA required Iran to reduce its installed enrichment centrifuges from over 19,000 to only 5,060. All of these were to be first-generation (i.e. less efficient) centrifuges; none of the more advanced models can be used for at least 10 years, and R&D into more efficient designs will have to be based on a plan submitted to the IAEA. All nuclear enrichment activity has to be limited to the plant at Natanz; the second facility at Fordow (buried deep within a mountain and thought to be impregnable to conventional air strikes) will cease all enrichment and be turned into a physics research centre. Tehran undertook not to produce or house any fissile material for at least 15 years. Iran was further to reduce its stockpile of low-enriched uranium (which can be spun further into weapons-grade material) from 10,000 kg to 300 kg for the next 15 years. Iran's alternative plutonium path to a bomb was also meant to have been blocked with the proposed redesigning of the heavy-water reactor at Arak. Its original core, which could have produced weapons-grade plutonium, is to be removed and destroyed. No other heavy-water reactor will be built for 15 years. The JCPOA authorises IAEA inspectors to inspect any facility, declared or not, as long as it is deemed to be 'suspicious'. Such powers for the IAEA will remain in place indefinitely, and are a lot more sweeping than those under the normal safeguard agreements associated with the Nuclear Non-Proliferation Treaty (NPT). Most significantly, if the United States charged Iran with significant non-performance of its commitments, previous Security Council sanctions were to be restored, unless a new, veto-able Security Council resolution is adopted that maintains the suspension of sanctions.³

The unilateral US pull-out from the Joint Comprehensive Plan of Action in June 2018 and its unilateral reinstatement of sanctions on the Islamic Republic of Iran is widely considered to be in violation of UN Resolution 2231.⁴ Yet given the sweeping nature of the sanctions regime put into place by the Trump Administration, debarring any entity doing business with the Islamic Republic from trading with the US, almost all companies that came flocking to do business with the Islamic Republic have since

² 'Iran Issues 60-Day Ultimatum', *Keyhan International*, 8th May 2019, <http://kayhan.ir/en/news/65756> (accessed on 10 May 2019).

³ See: the Full Text of the JCPOA, <https://2009-2017.state.gov/documents/organization/245317.pdf>.

⁴ 'Don't Allow Missile Programme Concerns, United States Pull-out to Erase Benefits of Iran Nuclear Deal, Political Affairs Official Tells Security Council', SC 84th Meeting, 12 December 2018, <https://www.un.org/press/en/2018/sc13615.doc.htm>.

pulled out lest they incur losses on their dealings with the much larger American market.⁵ Continuing to do business with Iran was particularly difficult because the sanctions made it virtually impossible to make any financial transaction with Iran without inviting sanctions on the bank that lets the transaction through.⁶ The UK, France and Germany have led the EU's efforts even to put in place INSTEX, a special arrangement of balancing accounts for trading activities with Iran without involving any actual payments, but even after one full year it did not quite take off.⁷ Further, the sanctions waiver for countries like India, China and Japan on the import of Iranian crude having come to an end in April 2019,⁸ Iran's crude exports also fell to a level that the Iranian economy came to receive a bad jolt, with the *rial* losing more than 50% of its value in just four months since the US pull-out.⁹

Once a full year elapsed after the US pull-out, Iran made it clear in May 2019 that it intends to roll back its commitments to the deal in a gradual and reversible fashion, every sixty days – first by allowing their enriched uranium stockpile to above 300 kg (largely because no country was able to buy it any longer from them, as agreed under the nuclear deal, due to the sanctions),¹⁰ and then by enriching uranium above the stipulated 3.7% in early July.¹¹ In September 2019, President Rouhani himself made it clear that short of removal of the sanctions regime, Iran would gradually but completely stop adhering to its JCPOA commitments, beginning by recommissioning more advanced centrifuges.¹² All these steps would be gradual and reversible, that is

⁵ Department of Treasury, Office of Foreign Assets Control, 'Iranian Transactions and Sanctions Regulations', 31 CFR Part 560 and Appendix A to Chapter V, https://www.treasury.gov/resource-center/sanctions/Programs/Documents/fr83_55269.pdf (accessed on 22 December 2018); see also: Kevin Breuninger, 'Here are the sanctions that will snap back into place now that Trump has pulled the US out of the Iran nuclear deal', *CNBC*, 8 May 2018, <https://www.cnbc.com/2018/05/08/here-are-iran-sanctions-returning-after-trump-leaves-nuclear-deal.html> (accessed on 9 May 2019).

⁶ 'US unleashes sanctions on Iran, hitting oil, banking and shipping', *BBC News* 5 November 2018, <https://www.bbc.com/news/business-46092435> (accessed on 5 November 2018).

⁷ 'Statement by High Representative/Vice-President Federica Mogherini on the creation of INSTEX, Instrument for Supporting Trade Exchanges', https://eeas.europa.eu/delegations/japan/57475/statement-high-representative-vice-president-federica-mogherini-creation-instex-instrument_en (accessed on 28 November 2019); 'INSTEX: Europe sets up transactions channel with Iran', *Deutsche Welle*, 31 January 2019, <https://www.dw.com/en/instex-europe-sets-up-transactions-channel-with-iran/a-47303580> (accessed on 1 February 2019).

⁸ 'Iran oil: US to end sanctions exemptions for major importers', *BBC News*, 22 April 2019, <https://www.bbc.com/news/world-middle-east-48011496> (accessed on 22 April 2019).

⁹ 'Iran's currency plunges to record low as US sanctions loom', *Al-Jazeera*, 29 July 2018, <https://www.aljazeera.com/news/2018/07/iran-currency-plunges-record-sanctions-loom-180729135733789.html>.

¹⁰ 'First Phase of Iran's Actions Begins', *Keyhan International*, 1 July 2019, <http://kayhan.ir/en/news/67620> (accessed on 1 July 2019).

¹¹ 'Iran announces new level of nuclear enrichment at 4.5%', *IRNA*, 7 July 2019, <https://en.irna.ir/news/83387125/Iran-announces-new-level-of-nuclear-enrichment-at-4-5> (accessed on 7 July 2019); 'Iran Raises Enrichment Beyond JCPOA Limit', *Keyhan International*, 7 July 2019, <http://kayhan.ir/en/news/67845/iran-raises-enrichment-beyond-jcpoa-limit> (accessed on 7 July 2019).

¹² 'EU Noncommittal After Getting Another Chance', *Keyhan International*, 4th September 2019, <http://kayhan.ir/en/news/70180> (accessed on 4 September 2019).

to say, if the other signatories of the deal fulfilled their commitments and resolved to undermine the sanctions regime, Tehran was willing to return to adhering to the deal – by disposing of uranium enriched above 3.7% and over the 300 kg limit as well as by dismantling the more advanced centrifuges

These came on the back of other developments in May-June 2019. First, in a series of mysterious developments, as many as four vessels belonging to Saudi Arabia, UAE and Japan sailing down the Persian Gulf were damaged due to ‘attacks’ – either by limpet mines (as USA, Saudi Arabia and UAE claim)¹³ or torpedoes (as the Japan claims).¹⁴ Washington and Riyadh quite categorically alleged that Tehran was responsible for the incident;¹⁵ Tehran denied the charges equally categorically.¹⁶ Then, towards the end of June, an American unmanned drone was shot down while flying over The Persian Gulf – Tehran claims it was flying over Iran’s territorial waters, USA claims it was flying over international waters.¹⁷ This was the nearest point to actual conflict between the two sides since 1985, as President Trump ordered airstrikes against the missile battery that had shot the drone down, only to call them off later on. Even as both sides pulled back from the brink, they remained so perilously close to it that the gentlest of nudges might get them over the edge.

One such nudge came towards the middle of September when armed drones and missiles caused considerable damage to the Abqaiq processing plant and Khurais oil field in the Kingdom of Saudi Arabia, briefly reducing Saudi oil producing capacity by around 50%, sending oil markets in a tizzy.¹⁸ Despite the urge to keep calm from all sides, the fears of a conflict have revived. Given the changing strategic dynamics of the Persian Gulf region, it is unlikely that if a conflict were to follow it would be easily contained.

The changing strategic dynamics of the Persian Gulf region

While Tehran’s activities (if all of them are indeed eventually found to be its doing) appear in the international media to be highly provocative acts, considerable

¹³ Amanda Macias, ‘US military releases new images of Japanese oil tanker attack’, *CNBC*, 17 June 2019, <https://www.cnn.com/2019/06/17/us-military-releases-new-images-of-japanese-oil-tanker-attack.html> (accessed on 18 June 2019).

¹⁴ ‘Japanese shipowner contradicts US account of how tanker was attacked’, *the Washington Post*, 14 June 2019, https://www.washingtonpost.com/world/japanese-ship-owner-contradicts-us-account-of-how-tanker-was-attacked/2019/06/14/7ea347d0-8eba-11e9-b6f4-033356502dce_story.html.

¹⁵ ‘Gulf of Oman tanker attacks: What we know’, *BBC News*, 18 June 2019, <https://www.bbc.com/news/world-middle-east-48627014> (accessed on 19 June 2019).

¹⁶ ‘New Tanker Terrorism to Frame Iran’, *Keyhan International*, 14 June 2019, <http://kayhan.ir/en/news/669869>.

¹⁷ ‘Strait of Hormuz: US confirms drone shot down by Iran’, *BBC News*, 20 June 2019, <https://www.bbc.com/news/world-middle-east-48700965> (accessed on 21 June 2019).

¹⁸ ‘Saudi Arabia oil facilities ablaze after drone strikes’, *BBC News*, 14 September 2019, <https://www.bbc.com/news/world-middle-east-49699429> (accessed on 14 September 2019).

responsibility for the escalation of tension can be attributed to the bellicosity of the White House, and its allies in the Middle East, such as Saudi Arabia, Israel and UAE. But pointing the finger of blame either at Tehran or at Washington alone would be tantamount to completely missing the complexity of the question.

When the negotiations leading to the Iran nuclear deal were being carried out during 2013–15, apart from the possibility that the Iranian nuclear breakout time (i.e. the time before Iran successfully crossed the nuclear threshold) is believed to have stood at 30–45 (alternatively 90–120) days, the overall strategic volatility of the Middle East had increased dramatically owing to the seemingly relentless ascendancy of the Da‘esh (Islamic State). Iran at that time played the crucial task of helping stem the onslaught of the Da‘esh in Syria and Iraq. Hence, the Obama administration at that point confined itself to the crucial task of preventing Tehran from attaining nuclear weapon’s capability by persuading Tehran to desist from the nuclear option for a period of ten years, in return for removal of the entire range of debilitating sanctions that had come to hobble Iran from 2003 and then further from 2010. The brief rehabilitation of Tehran allowed a string of offensives that ultimately defeated the Da‘esh in both Iraq and Syria, and also begun the baby steps in the direction of Iran’s reintegration into the global economy.

Not everyone in the US, however, was happy with the JCPOA, nor were the US allies in the Middle East. There were many in the US defence establishment that maintained that the ‘nuclear can had merely been kicked down the road’ in a direction that led towards the ‘unthinkable’ eventuality of a nuclear Iran.¹⁹ Unless the arrangement were continued after 2028, Iran would be able to shorten the break-out time as a nuclear power substantially, and that may not leave enough opportunity for the international community to impede Iran’s nuclear programme anymore. The JCPOA, the protagonists of this position appear to believe, was thus a bad deal because it merely shelved the problem of nuclear Iran and it did not solve it.²⁰ What is more, US strategists have been complaining ever since 2015 that Tehran was left free to expand its sphere of influence in the Levant in such a manner that was prejudicial to US interests in the region as well as to those of its allies in Tel Aviv and Riyadh. Indeed, Tehran has not only helped to maintain the Assad regime, it has developed enough military presence through either direct presence or through proxy militias in Syria and Iraq that Qassem Soleimani, commander of the IRGC, once boasted that he could easily drive from Tehran to Damascus unmolested. Further, the supply of arms ammunition and even armed drones to the Houthi rebels in Yemen have given them a degree of staying power that the Saudis probably did not anticipate when they plunged into

¹⁹ See: Kenneth M. Pollack, *Unthinkable: Iran, the Bomb, and the American Strategy*, New York: Simon Schuster, 2013.

²⁰ Peter Beinart, ‘Why the Iran Deal Makes Obama’s Critics So Angry’, *the Atlantic*, 24 July 2015, <https://www.theatlantic.com/international/archive/2015/07/iran-nuclear-deal-obama/398450/> (accessed on 5 September, 2019).

the civil war in Yemen.²¹ It was Israel that in particular decided to militarily contest the growth of Iran's influence in Syria, by carrying out low-intensity campaigns against positions of Iran and its allies;²² Riyadh tried to do the same by funding opposition to Assad in Syria and pursuing its own brutal war against the Houthis of Yemen. When the Trump administration took power in 2017, these forces critical of the JCPOA found an agreeable audience.

Halfway into the Trump era, the appointment of Mike Pompeo in the State Department and more particularly John Bolton as the NSA – two long-term advocates of regime change in the Islamic Republic – gave the opposition to the JCPOA the fillip it needed, and Trump – critical of the deal from the day it was concluded – pulled USA out of the deal in May 2018. The Trump administration has since embarked on a policy of 'Maximum Pressure' by imposing one of the tightest sanctions regime ever against Iran, in order to force Tehran back to the negotiating table, where it would be prodded to abandon (not simply 'delay the breakout' of) its nuclear programme as well as its regional proxies like the Hizballah in Lebanon, Hamas in Palestine, the Houthis in Yemen, Bashar al-Assad, and ideally bring about regime change in Tehran itself.

The problem in Tehran is that the Iranian establishment is no less divided on the question of the deal. When President Rouhani successfully concluded the JCPOA in 2015, it won Iran its much needed reprieve from the crippling sanctions regime that had been put in place in 2010. It was the sanctions relief that made the unelected Supreme Leader, Ayatollah Khamenei, to support the stoppage of Iranian nuclear programme that Rouhani signed up for – a support that was crucial for all the various centres of power in the Islamic Republic to at least hold their peace about the JCPOA. However, there was considerable opposition to the deal, and to Rouhani personally, from the group that has been the staunchest advocate of Iranian nuclear programme, the Sepah-e Pasdaran-e Inqilab-e Islami (Islamic Republic Guards Corps, or IRGC).²³ It is not quite clear as to exactly on what terms the IRGC chose to keep quiet when asked to do so by Ayatollah Khamenei, but it would seem that they were either given a free hand and/or a substantially increased budget to operate in Iraq, Syria and elsewhere – which goes quite a distance in explaining the surge in IRGC activities in the Levant and The Persian Gulf. However, from as early as 2016–17 the IRGC appeared to be doing its best to undermine Rouhani in the arena of domestic politics. They first criticised

²¹ Seth Jones, 'War by Proxy: Iran's Growing Footprints in the Middle East', *CSIS Briefs*, https://cisprod.s3.amazonaws.com/s3fs-public/publication/190312_IranProxyWar_FINAL.pdf (accessed on 1 September 2019).

²² 'Israel strikes Iranian targets in Syria: what does this unprecedented escalation mean?', *South China Morning Post*, 11 February 2018, <https://www.scmp.com/news/world/middle-east/article/2132884/israel-strikes-iranian-targets-syria-what-does-unprecedented> (accessed on 1 September 2019).

²³ For an understanding of the IRGC and the role it plays in the Islamic Republic see: Frederic Wehrey, Jerrold D. Green, Brian Nichiporuk, Alireza Nader, Lydia Hansell, Rasool Nafisi, S. R. Bohandy, *the Rise of the Pasdaran: Assessing the Domestic Roles of Iran's Islamic Revolutionary Guards Corps*, Arlington, VA: Rand Corporation, 2009.

the JCPOA as having failed to bring about the economic regeneration of Iran,²⁴ and then upon US withdrawal from the deal, they began to clamour for scrapping the deal and resuming Iran's nuclear programme.²⁵ Faced with the criticism from the conservatives and the IRGC, Rouhani is per force beginning to walk the tightrope – on the one hand, urging EU, Russia and China to help bypass the sanctions regime, and on the other delivering ultimatum about withdrawing from the deal should they fail to do so.

Heightened activity by the IRGC in Levant and The Persian Gulf had wider regional repercussions in Iran's neighbourhood. Tel Aviv dreads the lengthening shadow of Iran in Syria, with military and missile bases being set up as Iran helped reinstate Bashar al-Assad in power. Israel is absolutely determined to keep Iran out of Syria and ideally to push it back.²⁶ It was steadfast in its opposition to the JCPOA, going to the extent of falling out with the Obama administration. It developed a strategic axis with Riyadh to contain Iran's influence in Syria, and began to help Riyadh in its operations in Yemen.²⁷ Bolstered by Israeli support, Saudi footprints began to grow larger in Syria and Iraq by opposing Iranian proxies, and given the progressive improvement of ties between the Trump administration and the Saudis under the Crown Prince Muhammad bin Salman, the room for manoeuvre has been steadily shrinking for Tehran.

It does not mean, though, that Tehran is boxed into a corner by itself. Over and above its lengthening shadow in Syria, the return of Russia in the strategic landscape of the Middle East has already shifted the balance away from the US and its allies. Moscow has worked so closely with Tehran in saving the Assad regime that it has to be factored into any plan for action against Tehran – as evinced by Israel's careful calibrations of all its military actions in Syria beforehand with Moscow. It would appear that Moscow is going to allow measured assaults against Iran only so long as they do not pose an existential threat to its own interests.²⁸ This was underscored further by Russian declaration of its commitment to joint military exercises with Iran, scheduled for December 2019, even before the ongoing crisis is meaningfully resolved.²⁹

²⁴ See for instance: *Tasnim*, Mordad 28, 1395 (10 August 2016).

²⁵ 'Iran May Have to Resume Nuclear Program', *Keyhan*, Esfand 2, 1395 (20 February 2017).

²⁶ Amos Harel, 'First Drone War Pulls Israel's Conflict With Iran Out of the Shadows', *Haaretz*, 31 August 2019, <https://www.haaretz.com/israel-news/.premium-first-drone-war-pulls-israel-s-conflict-with-iran-out-of-the-shadows-1.7768362> (accessed on 15 September 2019).

²⁷ Ian Black, 'Why Israel is quietly cosyng up to Gulf monarchies', *the Guardian*, 19 March 2019, <https://www.theguardian.com/news/2019/mar/19/why-israel-quietly-cosying-up-to-gulf-monarchies-saudi-arabia-uae> (accessed on 15 September 2019).

²⁸ Anton Mardasov, 'Intel: How Syria is driving a wedge between Russia and Israel', *al-Monitor.org*, <https://www.al-monitor.com/pulse/originals/2019/09/russia-israel-syria-airstrikes-iran.html#ixzz61UiCSOQb>.

²⁹ 'Russian Expert Safarov: Russia Will Put An End To American Domination In The Persian Gulf'. *MEMRI Special Dispatch 8218*, 12 August 2019, <https://www.memri.org/reports/russian-expert-safarov-russia-will-put-end-american-domination-persian-gulf> (accessed 25 September 2019).

The Logic behind Measured Escalations

By early 2018 some members the establishment of the Islamic Republic began to say that if Iran could not sell its oil overseas, then it would disrupt shipping in Hormuz so that no oil would leave the Persian Gulf at all.³⁰ The US government's decision to send the aircraft carrier, USS Abe Lincoln, to the Arabian Sea in May 2019 was ostensibly made to guarantee against any Iranian attempt to disrupt shipping along the Persian Gulf.³¹ When the mysterious attacks on the four Saudi, Emirates and Japanese vessels followed, the US and its Gulf allies immediately began to cite these as vindication of its suspicions about Iran's plans to disrupt tanker traffic through the straits of Hormuz. The US even shared footage, remarkably indistinct and hazy, that purported to show that Iranian speedboat was removing unexploded limpet mines from the hull of a ship. However, the footage was too poor in quality to convince anyone who was not determined to be convinced of Iranian guilt. More significantly, when Iran shot down US reconnaissance drone, which Tehran claimed had violated Iran's sovereign airspace, US denial was not accompanied by any standard proofs in support of their claim that the drone was not on Iranian territorial waters.

For Iran and much of the world at large, US position on most of these escalatory developments appear somewhat unconvincing. The mere dispatch of the carrier group to the region was considered to be a sign that the US military was preparing for action in the region; the claims of Iranian hand behind the mysterious attacks on shipping lines in The Persian Gulf appeared in some quarters like too blatant an attempt at conjuring a *casus belli*;³² the flight-path of the drone so close to international border (if not actually across it) also could very well be for reconnaissance purposes ahead of military action. The policy of 'Maximum Pressure', initially taken to mean reinstatement of the sanctions regime on account of Iranian nuclear programme, increasingly began to look like including a very real threat of war – a kind of brinkmanship that is really not warranted by Iran's conduct in its neighbourhood, let alone by its adherence to the nuclear deal.

However, US response to shooting down its drone was ambivalent, if not even remarkably restrained – President Trump ordered airstrikes against military installations only to countermand them. Full details are yet to be available, but it would seem that the US establishment was divided right down the middle on the question of retaliation. It appears that while Pompeo was turning the heat onto Iran diplomatically, the National

³⁰ Arsalan Shahla, Ladane Nasser, 'Iran Raises Stakes in U.S. Showdown With Threat to Close Hormuz', *Bloomberg*, 22 April 2019, <https://www.bloomberg.com/news/articles/2019-04-22/iran-will-close-strait-of-hormuz-if-it-can-t-use-it-fars> (accessed on 24 April 2019).

³¹ Edward Wong, 'Citing Iranian Threat, U.S. Sends Carrier Group and Bombers to The Gulf', *the New York Times*, 5 May 2019, <https://www.nytimes.com/2019/05/05/world/middleeast/us-iran-military-threat.html> (accessed on 15 September 2019).

³² 'EU warns against blaming Iran for oil tanker attacks', *Deutsche Welle*, 17 June 2019, <https://www.dw.com/en/eu-warns-against-blaming-iran-for-oil-tanker-attacks/a-49237206> (accessed 19 June 2019).

Security Advisor John Bolton was rooting for retaliatory strikes lest US allies lose faith in the US security umbrella if an attack on US assets went unpunished. On the other hand, the Defence establishment (represented by General Dunford with whom Trump discussed the issue directly in absence of a full-term Secretary) seemed categorical – that Iran in 2019 was different from Iraq in 2003 and should be handled if not with kid-gloves, then at least not necessarily with an iron fist. Pentagon favoured airstrikes against a missile-laden Iranian vessel, but only after warnings had been duly issued – so that casualties could be avoided. Accordingly, Trump, who appears from all accounts to be disinclined towards any military misadventure (especially in the Middle East), decided to abort airstrikes after having authorised them.³³ He has since then repeatedly voiced his desire for direct talks with Iran and has even removed his hawkish NSA Bolton, who was adamantly opposed to that course of action.³⁴ Indeed there remain enough critics of Tehran in the US establishment to make escalation of the crisis quite likely, but voices of moderation are beginning to grow more vocal in the US foreign policy establishment and in the realm of public opinion.³⁵

As far as Washington is concerned, apart from the divide running right down the middle of the US establishment, the single biggest factor weighing against any conflict in the region is the US President, Donald Trump, himself. By all accounts, President Trump is opposed to the principles of liberal internationalism that had dominated US foreign policy for the last three decades if not seven.³⁶ Trump represents a strand in US politics that chooses to focus on the USA and what may be defined as its core national interests, with an overweening focus on domestic policy, which in his case stands for a lethal combination of socially and fiscally conservative worldview. The Republican social coalition that elected him behind the banner of ‘Make America Great Again’ insists on rapid disentanglement of US’s overseas commitments that are costly both in terms of men, material and money. President Trump has so far remained true to that promise of his – he has tried desperately to negotiate his way out of Afghanistan (even if it involved allowing the return of Taliban regime, toppled by the Bush Jr administration in 2001), has pulled out of Syria leaving America’s Kurdish allies in the lurch in the face of Turkish offensive in October 2019, and has even successfully resisted pressure for some military response to the attack on Saudi

³³ Peter Baker, Eric Schmitt and Michael Crowley, ‘An Abrupt Move That Stunned Aides: Inside Trump’s Aborted Attack on Iran’, *New York Times*, 21 September 2019, <https://www.nytimes.com/2019/09/21/us/politics/trump-iran-decision.html> (accessed on 21 September 2019).

³⁴ In Iranian media, Bolton (mostly referred to as ‘the Moustache’) is identified as the principal cause behind the escalation of tensions in 2019. His sacking made front-page on the *Keyhan*.

³⁵ See, for instance, Steve Simon and Jonathan Stevenson, ‘Iran: the Case Against War’, *New York Review of Books*, 15 August, 2019, pp 24–26; Philip H. Gordon, ‘A Path to War With Iran: How Washington’s Escalation Could Lead to Unintended Catastrophe’, *Foreign Affairs*, 20 May 2019.

³⁶ Michael Anton, ‘the Trump Doctrine: an Insider Explains the President’s Foreign Policy’, *Foreign Policy*, April 2019, <https://foreignpolicy.com/2019/04/20/the-trump-doctrine-big-think-america-first-nationalism/> (accessed on 1 July 2019).

oil facilities at Abqaiq and Khurais (which many in the US administration believes is undermining US credibility as a protective umbrella for its allies). With his election for a second term due in 2020, little seems likely to deflect Trump from his policy of stolid resistance to military adventures, short of a persuasive argument that a limited conflict might boost his electoral fortunes.

What Washington began to do from June-July 2019, was therefore to keep piling diplomatic pressure way short of actual conflict. The seizure of the Iranian oil tanker *Grace 1* off the coast of Gibraltar is a case in point.³⁷ USA is believed to have prodded London to seize the vessel as a way of continuing with the pressure on Tehran. Even when the courts in Gibraltar decided to let the tanker leave, Washington cautioned any country from allowing the vessel to disembark its cargo,³⁸ and even offered its Indian captain a million dollars to hand the cargo over to the Americans.³⁹ *Grace 1*, renamed *Adrian Dariya 1* upon release from Gibraltar, has since claimed to have unloaded the disputed cargo to some undisclosed buyer, but since it was done off the Syrian coast, and no buyer is known to have owned up, the possibility that the oil has gone to either the Syrian government (as the US government had claimed) or the Iranian outfits stationed in Syria cannot be ruled out.

This leads one to the conclusion that the USA and its allies have not been alone in their brinkmanship. While the US arguments about Iranian agenda and complicity behind the attacks on tanker traffic are not always fully convincing, it is difficult to completely rule out the possibility that there is Iranian hand somewhere in a proximity. The attacks on tanker traffic in The Persian Gulf have ceased almost as mysteriously as they had begun once the crisis escalated to the next level – could this be a sign of Tehran measuring how far it can push back without risking a full-fledged conflict? Iranian patrols had tried boarding a number of vessels plying in The Persian Gulf before they crossed what would normally be considered a red-line – the seizure of a British oil tanker. The actual seizure of the British tanker *Stena Impero*, arguably because it had moved into Iranian territorial waters, came soon after the British seizure of *Grace 1* – this ‘reciprocal action’ was a ‘push back’ from Tehran faced with ‘maximum pressure’.⁴⁰ There is also very little left to doubt that the wobbly situation in London

³⁷ It was seized by the authorities in Gibraltar (with help of British soldiers) upon being alerted by the USA that the oil in its hold was intended for Syria, violating EU sanctions against the belligerents there. The USA claimed that the oil was being sent for the Assad regime. The Iranians protested that it was not heading for Syria even though they did not reveal the identity of the real purchasers. Eventually, Gibraltar released the vessel after holding it for three weeks, whereupon the tanker was renamed *Adrian Dariya I* and is believed to have delivered a part of its cargo, if not whole, somewhere in Syria.

³⁸ ‘Iran tanker heads to Greece, U.S. warns against helping vessel’, *Reuters* 19 August 2019, <https://www.reuters.com/article/us-mideast-iran-tanker/iran-tanker-heads-to-greece-us-warns-against-helping-vessel-idUSKCN1V90DM> (accessed on 19 August 2019).

³⁹ ‘Iran tanker: US offers captain millions to hand over ship’, *BBC News*, 5 September 2019, <https://www.bbc.com/news/world-middle-east-49589075> (accessed on 6 September 2019).

⁴⁰ ‘Rule of Reciprocal Action’, *Keyhan International*, 20 July 2019, <http://kayhan.ir/en/news/68350/rule-of-reciprocal-action> (accessed on 21 July 2019).

over the vexed condition of Brexit emboldened the Iranians to think that they could get away with such a rash move.⁴¹

Far more dangerously, the attacks on Abqaiq and Khurais oil installations, either directly from Iran (as the USA and Saudi Arabia were quick to claim)⁴² or from Yemen (as the Houthis and Iranians have been claiming)⁴³ mark another level of dangerous escalation in tensions in the region – not because of simply the impact on oil prices, but because of striking so deep into the kingdom’s territory, the vulnerability of Saudi air defences has been very clearly underlined. Tehran seems to be sending out (or having sent) the signal that if Iran is attacked, it has the military capacity to drag the whole region down into a major regional conflict.

Such brinkmanship has been accompanied by regular diplomatic manoeuvres from Tehran. It has carefully been deepening its ties with Moscow over Syria, which brought out the declaration that Moscow and Tehran would carry out their first joint military exercises in the Persian Gulf in December 2019 right in the middle of the tanker seizures. Tehran has also snuggled up to China over the Belt-Road Initiative (BRI), as evinced by the \$ 420 billion investment programme announced in September 2019, including \$ 280 billion in developing Iran’s oil, gas and petrochemical sectors.⁴⁴ Opening a backchannel with EU (or at least France) became clear when Foreign Minister Javad Zarif landed up during the G-7 summit in August 2019 for discussions.⁴⁵ Tehran has however made it clear that it has no intention of talking to Trump just yet, while the sanctions regime is still in place.⁴⁶

It may be that just as the US is trying to push Iran back to the negotiating table, Iran is also pushing back to get the point across that it cannot be badgered into making concessions. However, there is also the less benign possibility that Tehran’s diplomatic and escalatory activities are actually out-of-sync with each other, and if so, the road

⁴¹ In normal circumstances, the vessel would have been warned that it was veering away from international waters, and would not have been held for months before its eventual release in the last week of September 2019.

⁴² Summer Said, Jared Malsin and Jessica Donati, ‘U.S. Blames Iran for Attack on Saudi Oil Facilities’, *Wall Street Journal*, 14 September 2019, <https://www.wsj.com/articles/drone-strikes-spark-fires-at-saudi-oil-facilities-11568443375> (accessed 15 September 2019); ‘Saudi Arabia says it will be “an act of war” if attack on oil facilities came from Iran’, *the Independent*, 22 September 2019, <https://www.independent.co.uk/news/world/middle-east/saudi-arabia-iran-war-oil-attack-middle-east-gulf-tensions-a9115251.html> (accessed 24 September 2019).

⁴³ ‘Yemen’s Biggest Drone Attack on Saudi Arabia’, *Keyhan International*, 17 August 2019, <http://kayhan.ir/en/news/69434/yemen%E2%80%99s-biggest-drone-attack-on-saudi-arabia> (accessed on 18 August 2019).

⁴⁴ ‘China, Iran Update \$400 Billion Deal: Report’, *Keyhan International*, 4 September 2019, [http://kayhan.ir/en/news/70181/china-iran-update-\\$400-billion-deal-report](http://kayhan.ir/en/news/70181/china-iran-update-$400-billion-deal-report), (accessed on 5 September 2019).

⁴⁵ ‘G7 summit: Iran foreign minister makes surprise Biarritz appearance’, *the Guardian*, 25 August 2019, <https://www.theguardian.com/world/2019/aug/25/emmanuel-macron-floats-plan-g7-defuse-iran-tensions> (accessed on 26 August 2019).

⁴⁶ ‘Rahbar Moazzam Inqilabi: Iran dar hich satehi ba Amrika muzakirah nikhwahad kard’, *Ittela’at*, 27 Shahrivar 1398/ 18 September 2019.

back to the negotiating table would not be easy. As previously indicated, the IRGC has a vested interest in Iranian nuclear programme, just as they have in the missile programme. These programmes have been used by the IRGC to justify huge quantum of state support that it has claimed for reasons of regime security. However, the steady economic integration of Iran that the JCPOA was projected to bring about posed an existential threat to the stranglehold that the heavily subsidised industrial and business outfits run by the IRGC enjoy – which goes some way in explaining the steadfastness of the opposition to the deal from within the establishment of the Islamic Republic. This threat perception of the IRGC heightened when no less than four IRGC operated banks (Ansar, Qavamin, Hekmat Iranian, Mehra Iqtisad) and a financial institution (Kowsar) were merged in March 2019 into the state-run Bank Sepah to regularise their financial activities,⁴⁷ faced with the impact of the sanctions regime.

The IRGC and their conservative allies relentlessly criticised the failure of Rouhani and his Foreign Minister Javad Zarif in defending Iran's interests and increased their activities in Syria even further to the point that it appeared that it is running a foreign policy of its own.⁴⁸ The seizure of *Stena Impero*, following in the wake of harassment of other vessels on The Persian Gulf, was done by the IRGC. It is thus not far-fetched to imagine that the downing of the US drone or attack (or even prompting attack) on Saudi oil installations were also instances of the IRGC attempting a kind of measured escalation that would undermine the diplomatic alternative without actually starting a conflict, and raise the military profile of IRGC through precisely the kind of sabre-rattling that came out of the IRGC commander Hossein Salami on both occasions. President Rouhani has repeatedly urged the other signatories of the JCPOA to shield Iran from US sanctions in a bid to save the deal, but domestic pressure on him is growing to scrap the deal. If in such a situation even a low intensity conflict were to break out with either the US, or preferably its allies (such as the Saudis, the Emirates, etc.), then the deal would be completely dead straight away, the Islamic Republic would resume its nuclear programme, and the IRGC would gain mileage in domestic politics and state funding as its custodian.

If indeed it is the IRGC which stands behind these attacks, however, and not the Rouhani government, it does not imply that these are altogether rogue operations. An escalation of this magnitude would not be possible without a tacit endorsement of the Supreme Leader 'Ali Khamenei.⁴⁹ Does it then mean that Khamenei has lost

⁴⁷ Ladane Nasseri, Golnar Motavalli, 'Iran's Military Steps Back From Economy With Six-Way Bank Merger', *Bloomberg*, 2 March 2019, <https://www.bloomberg.com/news/articles/2019-03-02/iran-to-merge-five-financial-lenders-owned-by-military-entities> (accessed 15 September 2019).

⁴⁸ So much so that Javad Zarif resigned in March 2019 when the visiting Syrian President Assad met Khamenei, Rouhani and the IRGC Commander, but not the Foreign Minister. His resignation was rejected by Rouhani and he resumed his duties at the insistence of Khamenei, indicating the latter's continued faith in both the minister and his policies.

⁴⁹ Khamenei's own equations with the IRGC provides him with a pivotal function. As the Supreme Leader, he is the only institution that the IRGC is directly accountable to. Besides having himself been the political

faith in Rouhani-Zarif which is would be needed to resolve the matter diplomatically? Probably not, but it could mean that the Rouhani-Zarif diplomatic option is running out of time. If the sanctions regime lasts much longer, and hardship of the people increases, Iran's economy would land virtually in the same quagmire it was in before the JCPOA and the pressure on Rouhani to take Iran out of the nuclear deal would be insurmountable and reduce him to a lame-duck President for the last two years of his term (much like his hawkish predecessor Ahmedinejad, who too was broken by the 2010 sanctions regime). That would in turn rule out a new deal in the short run, or even negotiations before 2021. Hence, if the window closes on Rouhani on account of a slightly more serious escalation, so would it on a negotiated way out of the impasse.

Something's gotta give?

It is reasonably clear that despite the steady increase in tension, neither Washington nor Tehran is keen on starting a war – as of the moment this essay goes to print, Iran and Saudi Arabia have opened a diplomatic channel to stave off the likelihood of conflict.⁵⁰ The asymmetry of power is so great that in a full-fledged conventional war, Tehran is not even remotely likely to prevail over the USA. However, unlike Iraq in 1991 and 2003, the Islamic Republic in 2019 has enough resources to deny any prospect of easy and quick victory for the USA, with Tehran's regional props like Hizballah and Hamas (and maybe even the Houthis) making it virtually certain to immediately open multiple theatres of conflict dragging Israel and Saudi Arabia in and increasing the prospect of a protracted regional war. This presumably was the reason why even with Pompeo and Bolton pressing for a hard-line response after the downing of the drone, both President Trump the Pentagon was quite determined to prevent actual conflict between US and Iranian forces.

Some observers have argued the sabre-rattling that is currently underway is a sort of posturing on both sides, arguably with an ultimate eye making it back to the negotiating table.⁵¹ This would fit the original US position that 'Maximum Pressure' on the Islamic Republic (including the looming prospect of war) would persuade the regime back to the negotiating table. This would also go with the mixed signals

head of the IRGC for years before he became the Supreme Leader of Iran, he has personal connections with the corps that count a great deal in the Iranian establishment. It was this leverage of Khamenei that magnifies his institutional authority, and also helped Rouhani steer the nuclear deal past the IRGC. However, the IRGC is too strong an organisation for Khamenei to altogether disregard their concerns without losing some or much of that leverage – hence he needs to maintain a fine balance between his close associate President Rouhani and the IRGC.

⁵⁰ Farnaz Fassihi, Ben Hubbard, 'Saudi Arabia and Iran Make Quiet Openings to Head Off War', *New York Times*, 4 October 2019, <https://www.nytimes.com/2019/10/04/world/middleeast/saudi-arabia-iran-talks.html> (accessed 6 October 2019).

⁵¹ Trita Parsi, 'What Would It Take for Iran's President to Meet With Trump?', *Foreign Affairs*, 18 September 2019 (online edition <https://www.foreignaffairs.com/articles/iran/2019-09-18/what-would-it-take-irans-president-meet-trump>).

that are coming from the White House even as Pompeo goes about trying to galvanise opinion in the neighbourhood against Tehran – such as when Trump offered talks with Tehran without any pre-conditions, or to ‘make Iran great again.’ Similarly, Tehran also appears to be determined to push (what the Iranian press is calling ‘Maximum Resistance’) but not too hard. Despite the measured escalations – such as refusing to be in unilateral compliance to the JCPOA but willing to return to it if others keep their commitments, bringing down an unmanned drone but not the manned aircraft right behind it⁵² – Tehran has made it clear that it still pins its hope on the deal. Tehran has repeatedly emphasised that each individual act pulling it out of the deal is easily reversible if only it is cushioned from US sanctions regime. Even though Khamenei has ruled out the possibility of any ‘direct’ engagement with the USA ‘at any level,’ he does not seem to rule out exploring the other signatories to keep the deal alive – hence Foreign Minister Zarif’s visit to the G-7 summit at French invitation clearly enjoyed his support. It is being argued that Iran is doing these to convince its domestic audience that the regime cannot be arm-twisted into agreeing for talks; that the regime has stood up firmly before the aggressor, and would thus go into talks (if they happen) with their head held high.⁵³ Judicious reports in Iranian media, highlighting differences between the hawkish Pompeo and Bolton duo and reluctant Trump, appear to be paving the way for talks.⁵⁴

The best case scenario that may follow from these series of developments would serve to progressively defuse the crisis and open a pathway to resumption of dialogue – as the US has been urging, and as Tehran has already tried to do with Riyadh, and – as this article went to argue – Riyadh has also begun reciprocating. If sabres continue to rattle some more in a controlled manner, with points being scored on either side, both US and Iran may be ‘persuaded’ to return to talks ‘in order to avoid greater escalation’ – Iran presenting the prospect of normalisation with USA as a victory in itself, US claiming the same for prospect of broadening the scope of the previous nuclear deal. This appears slightly improbable at this juncture, given the hard-line position in Iran saying there is no point in talking to Trump who can easily renege on any deal that is concluded, and would be better to wait for his successor in 2020 (if he fails to be elected) or another four years – which means no further deal on Rouhani’s watch, who demits office in 2021. However, a diplomatic breakthrough bringing the two sides to the negotiating table, particularly with EU initiative, need not be altogether ruled out for the simple reason that Trump, almost as much as Obama, appears determined to avoid a costly Middle Eastern entanglement.

⁵² Yaron Steinbuch, ‘Iran says it refrained from blowing up US plane carrying 35 people’, *New York Post*, 21 June 2019, <https://nypost.com/2019/06/21/iran-says-it-refrained-from-blowing-up-us-plane-carrying-35-people/> (accessed on 23 June 2019).

⁵³ Parsi, *op. cit.*

⁵⁴ ‘Trump Fires Warmongering Mate John Bolton’, *Keyhan International*, 10 September 2019, <http://kayhan.ir/en/news/70318/trump-fires-warmongering-mate-john-bolton> (accessed on 11 September 2019).

There is, however, always the possibility that the policy of brinkmanship on either side goes out of control, and the two sides stumble on to a war – for wars seldom work out according to plan. The stakes increased considerably with the September attacks on the Abqaiq and Khurais installations, knocking out Saudi oil production by half for a while – a scale of disruption on the global scale that exceeds even that caused by Saddam’s invasion of Kuwait. While the Houthis have claimed responsibility for the attacks, the US and Saudi Arabia have categorically blamed these on Tehran. Even though the Iranians have denied responsibility, the Brigadier General Mohammad Pakpour of the IRGC has been boasting of the ‘demonstrated’ capabilities of Iran in drone warfare.⁵⁵ Regardless of whether the Houthis launched the strikes (as they and the Iranians claim) or they were launched from Iranian soil (as the US and the Saudis claim), the attacks have badly exposed Saudi vulnerability to attack from Iran. Washington has immediately decided to despatch missile batteries to prevent further such attacks, but opinion has begun to form there that if these strikes are not responded to in a measured manner (such as crippling air-strikes on Iranian positions in Syria or Houthi positions in Yemen), whoever is stepping up the ante may get emboldened and push a little further.⁵⁶ A measured response (avoiding the Iranian mainland) will send Tehran the message that it cannot escalate tensions without paying for it – attacks in early October 2019 on Iranian tanker in the Red Sea may have meant to achieve just that.

However, measured responses need not necessarily lead to measured results. After a full year from the reinstating of sanctions by the US, Tehran’s patience has clearly begun to wear out. It declared in June that it was beginning to stockpile enriched uranium beyond the 300 kg agreed under the deal.⁵⁷ On 7th July, it has claimed to have begun enriching uranium over the agreed 3.7%,⁵⁸ for the time being up to 4.5%,⁵⁹ but if nothing is done about the sanctions regime it would withdraw from its commitments under the deal one at a time every 60 days. The EU, even as it tries to salvage the deal, has urged Iran to desist from breaching the deal any further and reverse the breaches so far. Short of anything definite by way of protection from sanctions, it is difficult to see how Rouhani can climb down. If Tehran persists with its posturing, and accelerates

⁵⁵ ‘IRGC Commander: Iran Unbeatable in Ground Warfare’, *Keyhan International*, 9 July 2019, <http://kayhan.ir/en/news/67928/ircg-commander-iran-unbeatable-in-ground-warfare> (accessed on 1 September 2019).

⁵⁶ Dennis Ross, ‘Iran Is Testing the Trump Administration: Tehran Thinks There Are No Rules, No Limits, and Anything Goes’, *Foreign Affairs*, 24 September 2019, (online edition, <https://www.foreignaffairs.com/articles/iran/2019-09-24/iran-testing-trump-administration>).

⁵⁷ ‘Iran’s Answer to New U.S. Sanctions: Further Steps to Pull Away From JCPOA’, *Keyhan International*, 23 June 2019, <http://kayhan.ir/en/news/67349/further-steps-to-pull-away-from-jcpoa> (accessed on 26 September 2019).

⁵⁸ ‘Iran Raises Enrichment Beyond JCPOA Limit’, *Keyhan International*, 7 July 2019, <http://kayhan.ir/en/news/67845/iran-raises-enrichment-beyond-jcpoa-limit> (accessed on 8 July 2019).

⁵⁹ ‘Iran’s Next Option Is 20% Enrichment’, *Keyhan International*, 8 July 2019, <http://kayhan.ir/en/news/67890/iran%E2%80%99s-next-option-is-20-enrichment> (accessed on 9 July 2019).

nuclear enrichment either close to 20%, or accumulates stockpile over 1,050 kg (which even at 3.7% enrichment is enough to have a nuclear bomb), EU may officially declare the deal as dead – a warning to that effect was issued in September 2019.⁶⁰

President Rouhani and Foreign Minister Javad Zarif have been in a tight corner ever since the sanctions regime came back. Economic conditions have deteriorated as Iran's oil exports plummeted, rendering Iran unable to trade with much of the outside world. Prices of almost everything have seen sharp increase with the plummeting of the value of *rial* on account of depleting foreign exchange reserves; imported commodities of daily use (ranging from capital goods to such basic stuff as children's diapers) have virtually vanished off the shelves. Had it not been for the expansion of Tehran's refinery capacity between 2013 and 2019, fuel prices would also have risen sharply and set off a multiplier effect on already existing inflationary pressures on all other commodities. The fact that fuel prices are still under control is probably the only thing that has kept the masses off the streets and protests muted. Economic hardship of the period before 2013 has returned, and despite Tehran's success in keeping a lid on its oil prices so far, general rate of inflation is quite high.⁶¹ The mood in Tehran, however, has been more defiant than sullen. There is considerable resistance to the idea of yielding to the US, partly because it is not considered to be committed to anything short of regime change in Iran. Votaries of a diplomatic solution, such as Zarif, for instance, are thought to be chasing an elusive objective. Hardliners, both political conservatives as well as the IRGC and its affiliates, have argued instead that given the divisions inside the US establishment, neither has the nuclear deal any future, nor are any more concessions likely since they are not going to be honoured anyway. This effectively compelled Rouhani to assume a much harder position since the US pull-out, rebuffing Trump's declared willingness to talk, by insisting on complete removal of all sanctions before any talks with the USA can even be discussed.

In the event of even limited strikes against Iranian targets at home or abroad, hardliners in Tehran could push for going the whole distance and enrich uranium 90% (which is the required level for standard nuclear weaponry) – thereby obtaining the nuclear shield that they have always considered necessary to forestall the possibility of regime change. But considering that the break-out time for Iran, thanks to the JCPOA, is now at about 12 months, the temptation for a military intervention taking out Iran's nuclear capabilities would be quite strong for USA, and more so for Israel (as they did in Iraq in 1982). Unlike Iraq though, Iran does not have its entire nuclear capability concentrated in any single place – Karaj, Arak, Natanz but most importantly the reactor in Fordow, which is built deep underground to avoid ordinary aerial or missile attack.

⁶⁰ 'EU warns Iran it may be forced to withdraw from nuclear deal', *the Guardian*, 27 September 2019, <https://www.theguardian.com/world/2019/sep/27/eu-may-be-forced-to-withdraw-from-nuclear-deal-iran-told> (accessed on 27 September 2019).

⁶¹ 'How Trump's sanctions are crippling Iran's economy', *Deutsche Welle*, 24 June 2019, <https://www.dw.com/en/how-trumps-sanctions-are-crippling-irans-economy/a-49335908> (accessed on 2 August 2019).

The option of military intervention, thus, is far less certain in its potential outcome, and is almost guaranteed to degenerate into a full-scale war, which Iran is almost equally certain to push beyond its borders and have the whole of the Middle East sucked into it.

Conclusion

Domestic and strategic factors in The Persian Gulf have served to push the region almost on the brink of a conflict, even as other factors (both domestic and strategic) have tended to dissuade both sides from providing a decisive shove over the brink. It is in the best interests of The Persian Gulf region, its immediate neighbourhood and the USA, to try and defuse the crisis as quietly as possible. As far as Tehran is concerned, JCPOA provisions pertaining to its nuclear programme were the maximum it could concede; as far as USA is concerned, it is not Tehran's adherence to the JCPOA that is in question, but rather its conduct in the neighbourhood, which was beyond the scope of the JCPOA. An understanding can always be arrived at through the good offices of the EU 3 plus Russia by way of an additional protocol (which is quicker), or even a separate treaty (which is too time-consuming to be attractive) that would allow both sides to climb down without a major loss of face.

The situation in the Persian Gulf is too delicately poised to provide any assurance that tensions would not escalate into a war. The only thing that may yet avert the actual outbreak of a conflict is the set of domestic and strategic considerations on either side that argue against a war. However, there is equally little reason to dispute that there are some circles in Washington, Tehran, Riyadh and Tel Aviv who would not mind a kind of limited conflict that they think could serve their broad/limited objectives. Given the kind of aggressive posturing being done by both sides, the risk of sliding into a war remains quite considerable. Hence it is preferable that a diplomatic offensive should be mounted to somehow revive the JCPOA, and Iran be allowed to resume its reintegration with the global economy. As this article goes to the press, though, such diplomatic breakthrough remains elusive, and the risk of escalation quite palpable.