

From Nuclear Diplomacy to Regional Escalation: The Iranian Nuclear Issue and the Transformation of U.S. Strategy in the Middle East

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ABSTRACT:

This article analyzes the impact of the Iranian nuclear issue on U.S. strategy in the Middle East during the post-JCPOA period from 2018 until the end of 2024. This theory-guided qualitative case study, informed by escalation theory, the security dilemma, deterrence theory, and gray-zone conflict, contends that the nuclear issue should be perceived not merely as a non-proliferation problem, but as a structural escalatory variable connecting nuclear uncertainty to broader regional confrontations. The article characterizes the JCPOA as a provisional framework for managing escalation rather than a thorough strategic resolution. The agreement decreased nuclear uncertainty via technical constraints and monitoring, although it failed to address the fundamental rivalry among Iran, the United States, Israel, and Iran-supported armed groups. Subsequent to the U.S. exit from the JCPOA in 2018, these limitations diminished, facilitating a more direct interplay between nuclear ambiguity, proxy warfare, maritime instability, and explicit interstate signaling. The article finds that this resulted in a scenario more accurately described as managed instability rather than a solid strategic order.

Keywords: Iranian nuclear issue; JCPOA; U.S. strategy; Middle East security; escalation theory; deterrence; security dilemma; gray-zone conflict; proxy warfare; managed instability

Introduction

At a moment of unusual heightened regional escalation, the Iranian nuclear issue has resurfaced as a pivotal factor in Middle Eastern security. Iran-affiliated entities in Lebanon, Iraq, Syria, and Yemen have intensified assaults against Israeli, U.S., and marine targets, as the protracted covert struggle between Iran and Israel has escalated into a more overt confrontation since October 2023. As a retaliation for Israel's attack on the Iranian embassy compound in Damascus, Iran executed what the Congressional Research Service characterizes as the first attack by Iranian government forces on Israel, deploying hundreds of missiles and drones in April 2024. The incident was a turning point in the course of the conflict, even though the majority of the missiles were intercepted by Israeli, U.S., British, French, and Jordanian forces (Thomas, 2024a; Thomas, 2024b). By late 2024, Houthi attacks had transformed the Bab al-Mandab and Red Sea into an important sphere of coercion and maritime disruption, while the scope and magnitude of conflict in the Israel-Hezbollah-Iran arena had risen dramatically (Byman et al., 2024; Raydan & Nadimi, 2024).

This escalation occurred during a nuclear issue that had previously been somewhat addressed via diplomatic efforts. The 2015 Joint Comprehensive Plan of Action (JCPOA) instituted significant restrictions on Iran's nuclear program by reducing operational centrifuges to 5,060 IR-1 units for a decade, capping enrichment at 3.67 percent for fifteen years, constraining the enriched uranium stockpile to 300 kilograms for fifteen years, and implementing comprehensive monitoring and verification measures. These constraints were intended to extend Iran's breakout date and diminish uncertainty regarding its nuclear endeavors.

However, following the United States' withdrawal from the agreement in 2018 and the reinstatement of sanctions, Iran gradually diminished its adherence to its obligations and ultimately ceased compliance, while simultaneously augmenting its enrichment

activities and limiting certain facets of international oversight. By 2024, Iranian authorities and observers were more openly discussing potential nuclear weapons development, indicating that the nuclear issue had resurfaced under significantly more volatile regional conditions (Davenport, 2025; Thomas, 2024b).

Two fundamental contributions are made by this article. Initially, it reframes the Iranian nuclear issue as a structural escalatory variable that alters regional deterrence dynamics, rather than a discrete non-proliferation file. Second, it contends that the United States' strategy transitioned from bounded nuclear management to a more reactive form of cross-domain escalation management following the erosion of the JCPOA. This shift led to an increasing interconnection of proxy warfare, maritime insecurity, and direct interstate signaling (Thomas, 2024a, 2024b; Mazarr, 2015; Hoffman, 2018).

Important aspects of this view are explained by existing scholarship, but frequently in isolation. The coercive logic of diplomatic negotiations and sanctions is the subject of one body of literature (Nephew, 2017). Another focuses on whether Iran's deterrent policy is essentially asymmetric and non-nuclear or if it is evolving toward nuclear capabilities. The literature on Iranian deterrence, as Eslami demonstrates, is split between two schools of thought: the first believes that insecurity is driving Iran toward eventual nuclear deterrence, while the second believes that missiles, proxies, drones, naval guerrilla warfare, and cyber capabilities are more important for Iranian deterrence than an operational nuclear arsenal (Eslami, 2024). An explanation of how the nuclear question serves as a structuring axis of escalation across proxy warfare, maritime insecurity, and direct interstate confrontation rather than just as one policy dispute among many is still lacking.

The primary argument presented is that nuclear diplomacy did not fundamentally address the security rivalry between the U.S. and

Iran; instead, it only restricted and displaced it temporarily. The JCPOA served as a partial escalation limit by diminishing uncertainty regarding Iran's enrichment program and establishing monitoring mechanisms; nonetheless, it failed to eliminate the underlying geopolitical rivalry among Iran, Israel, the United States, and Iran-supported militant organizations. Once that barrier deteriorated, the nuclear problem re-emerged in a war landscape already influenced by heightened assaults on U.S. forces, proxy escalations across many theaters, disruptions in the Red Sea, and increasingly direct military communications between Iran and Israel. The importance of the Iranian nuclear issue resides not only in the potential for proliferation but also in its capacity to exacerbate regional miscalculations, deterrence failures, and cross-domain escalation (Thomas, 2024a; Thomas, 2024b; Byman et al., 2024).

The article examines the gap through the perspective of escalation theory. Jervis's security conundrum is crucial since it elucidates how, in an anarchic environment, actions undertaken by one state to enhance its security may unintentionally diminish the security of others and exacerbate mutual distrust (Jervis, 1978). Schelling's work elucidates that coercion beyond mere brute destruction; it also encompasses the manipulation of an adversary's decisions through threats, time, and risk (Schelling, 1966/2020). Recent research on gray-zone conflict indicates that modern rivalry increasingly occurs beneath the threshold of extensive conventional warfare. Mazarr characterizes gray-zone strategies as incremental, intentional endeavors to gain leverage while staying beneath the thresholds that would elicit a significant reaction, and Hoffman contends that modern conflict frequently exists along a spectrum ranging from actions short of armed conflict to hybrid and conventional warfare (Mazarr, 2015; Hoffman, 2018). Collectively, these viewpoints clarify why the Iranian nuclear dilemma cannot be regarded as a standalone arms-control issue, isolated from the broader regional context characterized by the

convergence of deterrence, proxy violence, maritime coercion, and limited interstate conflicts.

Method and Scope

This article employs a qualitative case study design that is guided by theory and concentrates on the post-JCPOA phase of escalation from 2018 to the end of 2024. Specifically, it utilizes a concept-driven analytical narrative that is informed by deterrence theory, escalation theory, the security dilemma, and gray-zone conflict. The analysis is based on a combination of primary and secondary sources, such as policy documents, IAEA and Congressional Research Service reports, scholarly literature, think-tank analyses, and selected media reporting. These materials are put to use not to reenact each event in the rivalry, but to investigate the manner in which the erosion of nuclear constraints interacted with proxy conflict, maritime coercion, and direct interstate signaling to alter U.S. strategy in the Middle East. This article concentrates on the post-JCPOA escalation phase through the end of 2024 and does not endeavor to analyze the distinct phase of overt U.S.–Iran conflict that emerged in 2026.

Consequently, the inquiry that motivates this investigation is as follows: How has the Iranian nuclear issue altered U.S. strategy in the Middle East by transforming a diplomatic issue that was effectively managed into a more extensive regional escalation? The article initially delineates the theoretical framework of escalation and the security dilemma in order to address this inquiry. It then analyzes the escalation spread across proxy, maritime, and direct interstate domains, chronicles the erosion of the JCPOA as a temporary mechanism of escalation management after 2018, and examines the JCPOA as a temporary mechanism of escalation management. According to the article, the present instability is not the result of the abrupt collapse of an otherwise established order, but rather the resurgence of a more profound structural rivalry that diplomacy had been able to manage without resolving.

Theoretical Framework

The primary analytical framework for this article is escalation theory because it elucidates both the emergence of rivalries and their intensification through reciprocal signaling, measured responses, and evolving risk perceptions. Schelling's classic theory posits that coercive politics functions via manipulating risk, conveying determination, and influencing an adversary's expectations, rather than relying solely on the direct use of overwhelming force (Schelling, 1966/2020). Recent scholarship on nuclear deterrence and escalation underscores that escalation is seldom automatic or linear; rather, it transpires as a contingent process wherein actors consistently assess credibility, costs, and the likelihood of subsequent actions amid uncertainty (Hanska, 2018). This viewpoint is particularly beneficial for this study, as the Iranian nuclear issue has not developed solely as a technical challenge of arms control or treaty adherence. Instead, it has become entrenched in a broader strategic context where diplomatic failures, military signaling, proxy warfare, and limited interstate strikes interrelate as components of a continuous escalation process. Escalation theory provides a more effective framework than solely legal or diplomatic methods for explaining how the Iranian nuclear issue became a spark for wider regional conflict.

Furthermore, the security dilemma effectively illustrates why the Iranian nuclear issue consistently provokes escalation, despite the sides characterizing their actions as defensive. Jervis (1978) contends that in an anarchic environment, states are unable to accurately differentiate between offensive and defensive objectives, leading to the unintended consequence that one actor's security-enhancing activities may diminish the security of others. In such contexts, the acquisition of weaponry, strengthening of alliances, and military signals typically engender mutual anxiety rather than reassurance. This understanding is pertinent to the Iranian scenario. Iran characterizes aspects of its nuclear program, missile development, and regional strategy as essential for deterrence and

regime security, whereas the United States, Israel, and its regional allies perceive these actions as indicative of revisionist ambitions and an expanding offensive capability. Snyder (1961) similarly asserts that deterrence relies not solely on material capabilities but also on each side's assessment of the other's intentions, risk tolerance, and probable responses. The outcome is a strategic landscape characterized by self-reinforcing mistrust: each party's efforts to bolster its position provoke counteractions that exacerbate the insecurity of the opposing side. The Iranian nuclear issue should be perceived not merely as a matter of compliance or proliferation, but as a quintessential example of mutual threat perception, wherein ambiguity acts as a catalyst for escalation.

However, differentiating between deterrence, compulsion, denial, punishment, credibility, and uncertainty is necessary for a more accurate comprehension of the Iranian nuclear issue. According to Schelling (1966/2020), deterrence aims to stop an adversary from acting, while compulsion tries to change an adversary's already-existing conduct. This distinction is crucial because, in addition to attempting to prevent Iran from developing nuclear weapons, the United States and its regional allies have also attempted to use diplomatic pressure, sanctions, and the threat of force to force Iran to reduce its capabilities. Snyder goes on to explain that deterrence can take two forms: punishment, which involves threatening consequences so high that the planned conduct becomes irrational, or denial, which involves persuading the adversary that its goals cannot be accomplished (Snyder, 1961).

These two approaches frequently overlap in the Iranian situation: attempts at deterrence by denial are represented by missile defense, regional military integration, and interdiction measures, whilst deterrence by punishment is reflected in sanctions and threats of punishment. However, deterrence relies on perception and credibility in addition to capabilities. Narang demonstrates how nations' interpretations of one another's posture,

doctrine, and readiness to escalate in the face of insufficient information shape regional nuclear dynamics (Narang, 2014). In a similar vein, Hanska (2018) highlights that escalation and uncertainty are inextricably linked because players seldom fully understand the other side's thresholds, resolve, or risk tolerance. Therefore, the Iranian nuclear issue is strategically significant not only in terms of material capability but also in terms of how it influences risk assessments, credibility calculations, and the delicate balance between punishment and denial in an already precarious regional deterrence environment.

Understanding why the Iranian nuclear issue cannot be examined solely through the prism of formal diplomacy or overt military confrontation requires an understanding of gray-zone conflict and cross-domain escalation. Gray-zone strategy, according to Mazarr, is a type of competitive engagement that occurs between conventional warfare and ordinary statecraft, where actors seek strategic advantage by incremental, measured, and frequently ambiguous actions intended to prevent inciting a definitive response (Mazarr, 2015). In a similar vein, Hoffman (2018) contends that modern conflict increasingly encompasses a spectrum from hybrid operations and limited conventional force to political coercion and irregular action. In the Middle East, where rivalry is rarely limited to a single arena, this approach is especially pertinent. Rather, strategic competition spans interrelated domains such as economic coercion, diplomatic pressure, missile and drone signaling, maritime disruption, and proxy warfare. In this context, the Iranian nuclear issue serves as one component of a larger escalating environment where decisions made in an area can alter deterrence calculations in another, rather than just as a stand-alone proliferation concern.

Therefore, cross-domain escalation contributes to the understanding of how nuclear capability uncertainty can exacerbate proxy warfare, impact maritime security practices, and raise the strategic and symbolic importance of limited interstate strikes. Therefore, the gray-zone approach is useful because it illustrates how

escalation can intensify significantly without leading to full-scale conflict right away.

These theoretical perspectives enable the analysis of the Iranian nuclear issue as a cause of managed instability throughout the Middle East rather than as a discrete diplomatic issue. In this article, managed instability denotes a situation where conflict remains unresolved and is prevented from escalating into total warfare. The main actors utilize calibrated coercion, indirect violence, and regulated signals to impose costs, reestablish deterrence, and prevent catastrophic escalation. The concept contrasts with stable deterrence as restraint is conditional and reversible rather than institutionalized or enduring, and it diverges from full-scale war as actors adhere to informal thresholds regarding timing, target selection, and intensity (Schelling, 1966/2020; Jervis, 1978; Mazarr, 2015; Hoffman, 2018).

Eslami demonstrates that discussions about Iranian deterrence must take into consideration the larger strategic logic through which Iran employs ambiguity, asymmetric capabilities, and deterrent signaling to safeguard regime security and increase its regional influence (Eslami, 2024). Rather than depending on a single military tool, Ostovar (2016) shows that Iranian strategic behavior is intricately linked to a broader doctrine that connects state power, proxy actors, and revolutionary security institutions. This more comprehensive framework contributes to the explanation of why the nuclear issue affects more than only the nuclear realm. It influences how credible threats are, how thresholds are seen, and whether regional and external actors are inclined to escalate or exercise restraint across several theaters. Thus, the article's theoretical implication is evident: the Iranian nuclear issue should be viewed as a structural escalatory variable that interacts with direct interstate signaling, maritime coercion, and proxy warfare within a single deterrence environment. In this way, the issue is not only whether nuclear diplomacy can stop proliferation but also whether it can control the

broader escalation dynamics that surround and persist after it.

Nuclear Diplomacy as an Escalation Ceiling

The significance of the JCPOA was not for resolving the overarching U.S.–Iran rivalry, but for imposing specific technological and political constraints on the nuclear aspect of that competition. The agreement limited Iran's enrichment capacity, decreased the number of active centrifuges, imposed a limitation on the volume of its enriched uranium reserves, and mandated intensified verification and monitoring of critical components of the program. These restrictions were intended to impede Iran's potential route to a nuclear weapon and to diminish ambiguity over its nuclear programs. Davenport (2025) indicates that the JCPOA constrained Iran to 5,060 IR-1 centrifuges for a decade, set enrichment at a maximum of 3.67 percent for fifteen years, and confined the stockpile of low-enriched uranium to 300 kilos for the same duration. The Congressional Research Service study similarly underscores that U.S. officials perceived the accord as prolonging Iran's breakout time to a minimum of one year for around a decade (Thomas, 2024b). These steps did not eradicate strategic mistrust; however, they established a framework of transparency and restraint that temporarily diminished the probability of the nuclear issue precipitating rapid escalation.

The stabilizing impact of the JCPOA resided specifically in its limited scope. The agreement did not address the fundamental strategic rivalry among Iran, the United States, and U.S. regional allies; instead, it compartmentalized the nuclear issue, managing it through technical constraints, oversight, and incremental sanctions relief. In that regard, it operated more as a containment mechanism for a particularly perilous aspect of competition than as a political resolution. The arrangement failed to resolve conflicts regarding Iran's missile program, regional proxy networks, or extensive U.S. security obligations in the Middle East, nor did it alleviate the profound mistrust that

influenced each party's interpretation of the other's objectives (Thomas, 2024b).

Similarly, Nephew (2017) elucidates that sanctions policy was not solely focused on the nuclear issue in a limited technical context; rather, it was integrated into a broader coercive approach intended to influence Iranian decision-making across multiple domains. The JCPOA thereby mitigated the risk of imminent nuclear escalation without fostering broader strategic reconciliation. Its significance, then, lay not in resolving the conflict, but in temporarily averting the escalation of the nuclear aspect within the broader regional dispute.

However, the stabilizing effect of the JCPOA was intrinsically tenuous, as it relied on sustained political commitment rather than a resolution of the fundamental dispute. The restricted design rendered it effective as a temporary restriction, yet also susceptible to collapse if either side determined that the overarching strategic equilibrium remained unsatisfactory. Thomas (2024b) observes that following the United States' withdrawal from the agreement in 2018 and the reinstatement of sanctions, Iran progressively diminished its adherence to JCPOA obligations and ultimately ceased implementation, while simultaneously escalating enrichment activities and constraining elements of international oversight. This trajectory indicates that the agreement's ability to prevent escalation was contingent, rather than inherently sustainable. Davenport (2025) similarly demonstrates that the JCPOA established timetables, limits, and verification protocols; yet, it failed to institutionalize confidence or address the political conflicts that surrounded the agreement from the beginning. The outcome was a ceiling that could postpone escalation, yet could not indefinitely mitigate the pressures arising from sanctions, regional competition, and conflicting deterrent methods. Once that ceiling deteriorated, the nuclear issue once more became susceptible to re-entering the broader escalatory dynamics of the region.

The Erosion of Escalation Controls

The United States' transition from limited nuclear management to a more comprehensive approach of coercive pressure marked the beginning of the breakdown of escalation limits. The Trump administration reinstated sanctions and reframed the nuclear issue as part of a larger conflict over Iran's regional role, missile activities, and support for armed non-state organizations after it stopped participating in the JCPOA in 2018. This was significant strategically because it went against the previous logic of compartmentalization: U.S. policy once again combined nuclear issues with more general geopolitical conflicts rather than separating the nuclear file from the larger rivalry. The "maximum pressure" campaign, as Thomas (2024b) points out, sought to deprive Tehran of the resources required to maintain regional influence and coercive capacity in addition to limiting Iran's nuclear program. According to Nephew (2017), penalties function best when they are included within a broader coercive framework designed to change an adversary's strategic calculations in a variety of sectors. However, in the Iranian context, this change meant that as the conflict environment grew more wide and aggressive, the mechanisms that had previously controlled nuclear ambiguity were reduced. The outcome was the steady breakdown of the escalation ceiling that had kept nuclear management apart from the larger regional conflict, rather than just increased pressure on Iran.

Iran reacted to the post-2018 pressure campaign by gradually diminishing its JCPOA obligations rather than reinstating complete compliance, so bringing nuclear ambiguity into an already unstable regional context. The International Atomic Energy Agency (IAEA) reports that Iran commenced a gradual reduction of its nuclear-related obligations on 8 May 2019, ultimately ceasing all implementation by 23 February 2021, including the Additional Protocol, which limited the Agency's verification and monitoring capabilities (IAEA, 2025). The practical outcome was not

only an expanded and more sophisticated enrichment program, but also a decline in transparency. By late 2024, the IAEA indicated a loss of continuity of knowledge concerning critical aspects of Iran's program, noting that Iran's removal of JCPOA-related surveillance equipment compromised the Agency's capacity to assure the program's peaceful nature. Additionally, Iran's stockpile contained uranium enriched to 60% U-235, a particularly alarming level for a non-nuclear-weapon state (IAEA, 2024). The CRS observes that Iran has diminished its adherence to JCPOA obligations and restricted certain international inspectors in the context of escalating regional tensions (Thomas, 2024b). Strategically, Iran's response reinstated the conditions that the JCPOA aimed to mitigate: less warning time, decreased oversight, and increased potential for threat escalation and misjudgment.

These events had the analytical effect of reintroducing uncertainty into a regional context that had previously been structured by competitive signaling and mutual mistrust. Although escalation risks were not completely avoided under the JCPOA, they were somewhat contained by institutionalized communication, technical limitations, and a common monitoring mechanism. Instead of being somewhat isolated from the larger strategic rivalry, the nuclear question once again became enmeshed with it once those constraints eroded. The post-JCPOA era was characterized by less Iranian compliance, increased enrichment activities, and increased regional tensions, all of which made it more challenging to distinguish the nuclear issue from proxy warfare and wider geopolitical conflict, as Thomas (2024b) makes evident.

Theoretically, this reinstated the kind of ambiguity that exacerbates security dilemmas: both sides interpreted each other's actions through the prism of worst-case assumptions, and players lost confidence regarding thresholds, intentions, and reaction calculations (Jervis, 1978). Nephew (2017) adds that while coercive coercion may change strategic calculations, it may also increase the room for

misunderstanding in the absence of a solid framework for negotiation and confirmation. The result was an escalation-management vacuum in which neither diplomacy nor coercion produced a durable stabilizing mechanism, leaving the nuclear issue once again vulnerable to amplification through regional conflict dynamics.

The table below delineates the primary shift in U.S. policy regarding objectives, means, and strategic scope following the erosion of the JCPOA framework:

Dimension	JCPOA / bounded nuclear management	Post 2018 / cross-domain escalation management
Primary objective	Limit nuclear breakout risk	Manage a broader regional confrontation linked to the nuclear issue
Main policy means	Diplomacy, verification, technical restrictions, sanctions relief	Sanctions, force posture, partner coordination, maritime security responses, deterrence signaling
Strategic scope	Relative compartmentalization of the nuclear file	Re-linking the nuclear file to missiles, proxies, maritime disruption, and regional competition
Preferred deterrence logic	Constraint thorough transparency and monitoring	Pressure through coercion, denial, punishment, and crisis response
Regional posture	Nuclear issue partially insulated from wider rivalry	Nuclear issue embedded in a multi-domain escalation environment

Table 1. The Shift in U.S. Strategy from Bounded Nuclear Management to Cross-Domain Escalation Management

Table 1 illustrates that the important shift was not merely the dissolution of a single agreement, but rather a comprehensive strategic transition from the relative compartmentalization of the nuclear issue to a more cohesive and responsive cross-domain approach.

Escalation Across Multiple Domains

The deterioration of nuclear diplomacy did not result in escalation in a singular, linear manner. Rather, it facilitated the proliferation of conflict across various interconnected domains. This pattern aligns with the aforementioned theoretical framework: in environments characterized by strategic mistrust and incomplete information, rivalry seldom remains limited to a single domain; rather, it

proliferates across contexts where coercion can be adjusted, deniability maintained, and costs unevenly allocated (Mazarr, 2015; Hoffman, 2018). In the Iranian context, the deterioration of escalation controls resulted in nuclear insecurity progressively intertwining with regional military and political rivalry instead of being somewhat sheltered from it. This analysis explores three interconnected domains of escalation:

1. Proxy Escalation

One of the most obvious manifestations of the post-JCPOA security environment was proxy escalation, which enabled Iran and adversaries to escalate competition without instantly escalating into full-scale interstate war. Hezbollah in Lebanon, Iraqi militias, the Houthis in Yemen, and armed

groups operating in Syria and Gaza are just a few of the armed non-state actors that Iran supports throughout the Middle East, as Thomas (2024a) points out. In addition to expanding Iranian influence, these actors give Tehran a versatile deterrent and coercive tool that can be used in a variety of contexts while maintaining some degree of strategic ambiguity.

In a similar vein, Ostovar (2016) demonstrates how Iran's regional security doctrine has historically depended on the fusion of official authority with armed networks that share similar ideologies, making proxy connections essential to Iranian strategy rather than incidental. In this situation, proxy war simultaneously fulfills two escalatory purposes. First, it makes it possible for Iran to subtly exert pressure on regional allies and U.S. forces. Second, it makes deterrence more difficult by making it harder to distinguish between state and non-state conduct, which raises questions about proper reaction, thresholds, and attribution. As a result, there is no need for an immediate direct conflict between Iran and the United States or Iran and Israel in order for escalation to grow through frequent, dispersed, and politically deniable forms of violence.

Proxy attacks gradually reduced the gap between direct interstate escalation and indirect competition after October 2023. Hezbollah continued its cross-border operations against Israel, the Houthis expanded the fight geographically through strikes connected to Israel and Red Sea shipping, and Iran-backed groups increased attacks on U.S. forces in Iraq and Syria. As demonstrated by Thomas (2024a), these networks provided Tehran with a variety of avenues for applying pressure without immediately attributing the action to the Iranian state. However, the overall result of these attacks was increased escalation risk rather than strategic insulation. The scale and geographic breadth of violence between Israel, Hezbollah, and Iran had significantly escalated by late 2024, according to CSIS analysis, raising the prospect that the conflict could expand beyond the border zone into a larger regional war (Byman et al., 2024). In the same direction, Palmer (2024) contends that

Iran's dependence on indirect or proxy reactions did not end escalation pressures because any attempt to reestablish deterrence by more aggressive proxy action ran the risk of inciting Israeli retaliation and a wider spiraling confrontation. In this way, after October 2023, proxy warfare served more as a transmission mechanism via which local attacks may result in broader escalation dynamics between the United States and Iran and Iran and Israel than as a substitute for direct conflict.

2. Maritime Escalation

Maritime escalation emerged as a vital extension of the regional confrontation, enabling coercive pressure to be exerted not only on military targets but also on trade routes, energy flows, and overarching perceptions of strategic vulnerability. Maritime disruption is particularly valuable in gray-zone terms since it can have political and economic repercussions without escalating into full-scale conventional war (Mazarr, 2015). In the Red Sea and Bab al-Mandab, where attacks connected to the regional conflict turned commercial shipping into a theater of strategic signaling, this logic became more apparent. According to Raydan and Nadimi (2024), Houthi strikes expanded the conflict beyond its initial battlefield by turning from isolated incidents into a systematic campaign that targeted vessels connected to Israel and its allies, either directly or indirectly. Thomas (2024a) also points out that the Houthis and other armed groups with Iranian support become crucial to the application of pressure in many regional contexts.

In this situation, maritime escalation fulfilled multiple purposes simultaneously. It raised economic uncertainty, assessed the readiness of external powers to intervene, and showed how indirect actors could jeopardize strategically important corridors without necessitating an immediate conventional conflict between states. As a result, maritime insecurity became inextricably linked to the broader escalation environment, creating a type of cross-domain coercion.

The strikes in the Red Sea compelled the United States to adopt a more direct security role, transforming maritime insecurity into a pressing issue of regional stability rather than a mere consequence of proxy conflict. According to Raydan and Nadimi (2024), Houthi efforts evolved into a prolonged campaign that influenced international shipping patterns and heightened the strategic importance of the Bab al-Mandab beyond the confines of Yemen. Thomas (2024a) similarly demonstrates that Iran-supported groups were not functioning in isolated local contexts, but rather as components of a bigger network capable of exerting pressure on U.S. allies and jeopardizing wider regional interests. Given these circumstances, Washington could hardly see the disruption in the Red Sea as a remote or solely commercial concern. Maritime strikes heightened the operational strain on the United States by necessitating a more pronounced security presence, encompassing naval deployments, defensive interceptions, and direct actions against Houthi capabilities. This represented a significant strategic shift, as proxy-driven maritime coercion evolved from merely expressing regional alignment to a strategy for involving the United States more directly in escalation control. The Red Sea consequently evolved into a commercial chokepoint and a venue where indirect conflict manifested into a more overt U.S. security involvement.

3. Direct Iran-Israel Escalation

The direct military exchange between Iran and Israel signifies an important shift in the regional escalation landscape, transitioning the conflict from a prolonged shadow war to explicit interstate signaling. For years, rather than through prolonged direct exchange, the two sides' conflict has mostly taken place through cyber attacks, strikes in third-country theaters, covert operations, and proxy actors. Tehran claimed that Iran's attack on Israel in April 2024 was reprisal for Israel's attack on the Iranian diplomatic facility and consular annex in Damascus on April 1 (Hafezi & Williams, 2024; Thomas, 2024b).

However, the risks of deterrence failure changed significantly after direct attacks

were included in the strategic repertoire. The first direct attack on Israeli land by Iranian government forces occurred in April 2024, as noted by Thomas (2024b), underscoring the degree to which previous bounds of restraint had eroded. Yet, this change did not necessarily result in unchecked escalation. While Palmer et al. (2024) demonstrate that Israeli responses were similarly calibrated in ways that demonstrated capacity without maximizing escalation, Palmer (2024) contends that Iranian escalation can serve the objective of restoring deterrence and expressing resolve even when broader war remains unwanted. This change is significant from an analytical standpoint because, even when both sides continue to choose controlled escalation over full-scale warfare, the gap between deterrent signaling and open confrontation becomes much smaller once direct exchange enters the battle.

The April 2024 exchange exemplifies the emergence of direct interstate confrontation from an already heightened regional context. On 1 April 2024, Israel targeted the Iranian diplomatic facility in Damascus, prompting Iran to launch a direct drone and missile assault on Israel later that month, which Tehran characterized as a retaliatory measure rather than the commencement of a full-scale conflict (Thomas, 2024b). Israel then responded with a constrained strike that demonstrated both capability and determination, while avoiding full escalation (Palmer et al., 2024).

The analytical significance of this sequence lies not just in the immediate actions and reactions but also in how both parties seemed to calibrate their replies within a mutual framework of deterrence and restraint. According to Palmer (2024), escalation in this circumstance may serve to reestablish deterrent credibility rather than merely indicating a predilection for unfettered war. The transition from indirect confrontation to direct conversation necessarily reduced decision-making time and limited the scope for error. The April 2024 episode illustrates that managed escalation does not equate to steady escalation; even when parties aim to contain violence, retribution and counter-retaliation can

render the regional security landscape more fragile and unpredictable.

Escalation without War: Managed Instability

The analysis reveals a pattern of escalation without war, characterized by an active and perilous rivalry that remains coercive, yet avoids unrestricted interstate conflict. Schelling (1966/2020) elucidates that coercive conflict frequently prioritizes negotiation through risk, signaling, and managed pressure over rapid battlefield triumph. This reasoning is particularly pertinent to the Iranian situation. Despite the nuclear issue becoming more intertwined with proxy warfare, maritime disruption, and direct interstate conflict, the main actors persisted in functioning within a framework influenced by the apprehension of broader and possibly unmanageable escalation.

Narang (2014) similarly demonstrates that nuclear contexts do not eradicate lower-level conflicts; instead, they can persist with significant rivalry beneath the threshold of general warfare. Gray-zone scholarship substantiates this assertion by illustrating that adversaries often seek strategic superiority through measured acts intended to alter costs and perceptions without entering into open confrontation (Mazarr, 2015; Hoffman, 2018). The present regional context is characterized not by stable peace, but by a precarious equilibrium where escalation is both real and persistent, posing significant danger, yet is still regulated through implicit constraints, deterrent messaging, and a shared recognition of catastrophic risk.

Managed instability refers to a state in which conflict is confined but not resolved; it does not indicate strategic equilibrium in any lasting or comforting sense. Jervis (1978) contributes to the explanation of why such environments continue to be intrinsically fragile: in situations where threat perception is influenced by ambiguity, even minimal defensive measures may be regarded as indications of offensive intent, resulting in repeated cycles of

reaction and counterreaction. This indicates that while deterrence has not entirely failed in the Iranian context, it has also not produced a stable framework of restraint that can shield the area from recurring crises. According to Thomas (2024b), escalation management had become more complicated and unpredictable by late 2024 because to the growing interconnectedness of the nuclear issue, regional proxy activities, and direct military signals. The main actors' ongoing knowledge that exceeding certain thresholds could result in costs they cannot consistently manage is what prevents universal conflict, not the cessation of rivalry. However, because the processes that prevent escalation are mostly temporary, informal, and reversible, this same logic exposes the region to ongoing instability. The wider implication is that the Iranian nuclear issue acted as a multiplier of regional volatility during the study period. Although it raises the frequency, severity, and strategic importance of crises that develop below that threshold, it does not make total war inevitable.

Conclusion

The article contends that the Iranian nuclear issue should be perceived not solely as a matter of non-proliferation or treaty adherence, but as a fundamental catalyst for regional escalation that redefined U.S. strategy in the Middle East following the JCPOA. The primary contributions of this article are twofold. First, it reframes the Iranian nuclear issue as a structural escalatory variable rather than a discrete non-proliferation file. Second, it demonstrates how U.S. strategy changed from bounded nuclear management to cross-domain escalation management following the JCPOA's erosion. The JCPOA briefly mitigated a particularly perilous aspect of the conflict by restricting enrichment, diminishing uncertainty, and formalizing monitoring and verification (Davenport, 2025; Thomas, 2024b). However, it did not address the underlying strategic conflict involving Iran, the United States, Israel, and Iran-supported militant factions. Following the deterioration of the diplomatic framework post-2018, the nuclear issue was reintegrated into a

broader security context characterized by proxy violence, maritime intimidation, and escalating direct military posturing. The transition from nuclear diplomacy to regional escalation should not be interpreted merely as the collapse of a single accord, but rather as the resurgence of an underlying conflict that diplomacy had addressed without resolution. The dismantling of escalation limits did not generate rivalry *ex nihilo*; it eliminated a partial constraint that had momentarily restricted the extent and rapidity of that rivalry's intensification.

The overarching implication is that U.S. strategy in the Middle East over the examined period (post-JCPOA to the end of 2024) transitioned from constrained nuclear control to a more intricate and responsive approach to escalation management across various domains. As the nuclear issue became more intertwined with proxy warfare, Red Sea instability, and direct Iran-Israel confrontations, the United States encountered a regional context where deterrence was effective yet precarious.

Jervis (1978) elucidates the persistence of this instability: in an environment of mutual distrust, defensive tactics are easily seen as offensive, resulting in cycles of reaction and counter-reaction. Schelling (1966/2020), Mazarr (2015), and Hoffman (2018) similarly propose that coercive rivalry typically manifests through calibrated signals, managed risk, and gray-zone competitiveness instead of outright total war. The Iranian instance exemplifies this tendency vividly. In this regard, the notion of managed instability elucidates the reason for the persistent escalation of regional conflict during the period in question, without its immediate transition to unrestricted war. Throughout the examined period, the nuclear issue acted as a catalyst for regional instability: it did not render large-scale conflict inevitable, but it heightened the number, intensity, and strategic importance of crises occurring within that threshold. The outcome was not stable peace, but rather managed instability—an arrangement in which escalation was consistently contained without resolution.

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