Iran appears confident it can deal with a hostile US.

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A fierce nationalism grips an increasingly confident Iran as its paramilitary chalk up more successes in the Arab world and the broader region. At the same time, the country is swiftly modernising, attracting troves of foreign investment despite Donald Trump's efforts to curb its ambitions.

Tehran's highways, bridges, flyovers and walkways are adorned with the flag and everywhere you find enormous, black-and-white posters hanging down from the railings. These are the faces of the martyrs, and serve constant reminders to the public that the Islamic Republic is involved in multiple wars in the region, having been "invited to help its allies fight terrorism," according to one senior Iranian official I spoke to.

To the Arab countries of the Gulf and the US, Iran is a threat, trying to create a Shia dominated crescent from Lebanon across Syria and Iraq to Yemen and Afghanistan, and a clear danger to all those nations in its path. The view from Tehran is quite different. Iran and its Arab allies (Syria, Iraq, Kuwait, Qatar and Oman) believe they are acting in self-defense against a continuously assertive US and Saudi Arabia. Some of these countries also don't want to take sides in this ancient Arab-Persian conflict.

The faces of the older men in the posters are the dozens of 'martyred' senior Iranian officers belonging to both the regular army and the elite expeditionary al-Quds force, part of the Revolutionary Guards who control much of Iran's foreign policy. These officers act as trainers, planners and logisticians for the Iranian-backed Shia militias active in Iraq and Syria.

The younger faces are those of "martyred'' soldiers, but most are not Iranians. Unlike the Russians or the Americans, Iran has few of its own soldiers on the battlefield. Instead the martyrs are mostly Shia Muslims from Afghanistan, Pakistan, Lebanon and elsewhere recruited to fight for Tehran in exchange for rewards including permanent residence visas in Iran.

A senior Iranian official admitted to the FT that an estimate by NATO, shared with the FT, that 20,000 Afghan and Pakistani Shia have been recruited over the past two years "was true.'' However Iranian officials insist that they are not recruits but ''volunteers'' in the fight against the Islamic State IS.

In Baghdad in the last week of October, Iraqi Prime Minister Haider Al-Abadi rejected an appeal by US secretary of state Rex Tillerson to stop using some 60,000 Iranian-trained Iraqi Shia militiamen, who helped Baghdad defeat the Islamic State. The militias are "part of the Iraqi institutions," Mr. Al-Abadi said defiantly. The same militias are now being used to crush the Kurdish bid for independence.
''Why does America not join our militias in the fight against terrorism as the US says it want to eliminate IS?'', said another Iranian official who asked not to be named.

Likewise Syria's President Bashar al-Assad has refused to curtail Iran's support for his army and has even asked Iran to increase their numbers as Assad's forces chalk up successes against IS. When the al-Quds force commander General Qasem Soleimani visits Syria or Iraq he is treated like a hero and head of state.
Nothing in the region is more contentious than the role of these militias that pits the US and ts Gulf Arab allies including Saudi Arabia, against Iran. President Donald Trump's October 13 refusal to certify that Iran is complying with the nuclear deal has only widened the divide.

Iranian officials talk of an "Iran phobia" that has gripped both the US and Saudi Arabia. Multiple conspiracy theories have flooded Tehran: that Trump wants to carry out regime change in Iran; that the US is supporting Kurdish independence to undermine Iran's influence in Iraq and Syria; that the US wants to perpetuate war and is fuelling sectarian war by encouraging Sunnis to kill Shia; and that the US wants a permanent military presence in Afghanistan to threaten Iran.

Iranians from all walks of life are proud of being the only Muslim state which still makes the Palestinian struggle for a homeland as a foreign policy priority. To maintain this militarised foreign policy, however, the Revolutionary Guards have had to pay a heavy price at home. Not every Iranian wants a permanent state of war or is dedicated to Shia expansionism. A strong new middle class has emerged and young people, the same as everywhere, are glued to their mobile phones and games. But criticism of the Guards' economic or foreign policies is off limits in the tightly-controlled media. There is little space for an alternative critical narrative.

The moderate President Hassan Rouhani is trying to curb the vast economic power of the Guards — as a first step to also curtail their grip on foreign policy. But as a Western diplomat in Iran told me: "Trump's rejection of the nuclear deal has only strengthened the Guards."

Despite these internal tensions, Iranians are confident that Mr. Trump cannot alter the terms of the nuclear agreement because the EU, Russia and China remain on Iran's side. Nor can Trump halt the flow of foreign investment. Tehran's hotels are visibly packed with foreign businessmen of every nationality.

Immediately after Iran's revolution in 1979, Tehran exported it by force that aimed to topple authoritarian Arab regimes. That strategy failed. In today's crippled Arab world, Iran and the Guards are playing a more subtle game, backing Shia causes while trying to strengthen Iraq and Syria.

Yet such a highly militarised strategy is not sustainable in the long run, because it makes more enemies than friends in the region and does not sit easily with a moderate Iranian government that is popular for trying to improve the economic lot of the populace.