The domestic political scene of Iran has been turbulent during the past year as the country entered an election cycle ahead of the parliamentary elections on 2 March 2012. It may be argued a power struggle has surfaced amongst the conservative ‘principalist’ factions, reinforced by the reformists’ call to boycott the elections. The prominence of this struggle is that it will be decisive in the making of the ninth parliament and conceivably in the 2013 presidential race. Thus from a foreign policy perspective the make-up of the next parliament will carry significant implications for policymakers especially on the future of nuclear talks with Iran which has once again recently led to escalation of tension in the region.

This paper will hope to achieve three objectives: First, it will try to shed light on shifting alliances between the principalist factions and challenge their monolithic representations. Second, it will aim to decipher the scope of the rift between Ahmadinejad and Khamenei and argue that it may not be as strong as it is frequently portrayed. Third, it will entertain the link between Iranian domestic and foreign policy and make a case against the ‘irrational’ behaviour commonly attributed to Iranian foreign policymaking.

For such purpose, I will focus on three events which have reflected most the power struggle between principalists and will aspire to portray the subsequent reactions generated by different factions. These events are the 2.6 billion dollar banking fraud/embezzlement scandal involving the heads of several prominent banks and government officials, the change in the presidential system debate invoked by the Supreme Leader and the raid on two compounds of the British embassy in Tehran. I will then conclude by entertaining current debates in the aftermath of candidate registration.

**INTRODUCING THE PRINCIPALIST DIVIDE AND THE ROAD TO THE MARCH ELECTIONS**

“In the past we used to have a group called the reformists, 2 Khordad, and seditionists, all of which were just one entity challenging us. Today there is another group facing us and it is called ‘deviant’ which is so complex that we need to ask God to help us identify it.”

A Revolutionary Guard commander, March 2011

It seemed that the inextricable bond between the Supreme Leader (Rahbar-e Mo’azzam-e Enghalab) Ali Khamenei and President Mahmoud Ahmadinejad, pronounced by Khamenei during the post-election crisis in

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1 2 Khordad (23 May) relates to the election victory of the reformist president Mohammad Khatami in 1997 and the movement inspired by it. The term ‘seditionists’, in the Iranian establishment relates to the supporters of the Green Movement of the much contested 2009 elections.


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2009 took a blow as events regarding the president’s close and controversial aide, Esfandiyar Rahim Mashai unfolded. Mashai’s moderate comments on Israel and nationalist interpretation of Islam had already sparked controversy among the conservative ‘principalist’ elite, culminating in his ‘resignation’ as vice-president, suggested by the Supreme Leader in July 2009 right after Ahmadinejad announced his new cabinet. In April 2011 Ahmadinejad’s removal of the intelligence minister Heydar Moslehi from the cabinet on charges of bugging Mashai’s offices met immediate reaction by the Supreme Leader who reinstated Moslehi, causing an 11-day ‘walkout’ by Ahmadinejad from cabinet meetings. Ahmadinejad’s intransigence to resist public backing of Moslehi’s reinstatement caused further distress among the establishment and caused his summon to the parliament (majles) which he successfully avoided and arrests of several figures close to Ahmadinejad and Mashai in early May.

The ‘deviant current’ (jaryan-e enherafi) -as Mashai’s circle came to be known amongst the Iranian establishment- rendered the emerging segmentation within the principalist (osulgarayi) camp visible. Following the suppression of the reformist (eslahtalab) Green Movement (jonbash-e sabz) and the house arrest of its leaders Mir Hossein Mousavi and Mahdi Karroubi in February 2011, the reformists announced that they have no intention in participating in March 2012 parliamentary elections. This opt-out arguably contributed to the division within the principalist camp which made an attempt for a united candidate list in summer 2011.

The camp broadly consists of three segments: The first one is moderate/pragmatic principalists which include the Larijani clan, Mohammad Bagher Ghalibaf, mayor of Tehran and Mohsen Rezaei, secretary of the Expediency Council, former presidential candidate and Revolutionary Guard commander-in-chief. The moderate/pragmatic principalists are commonly deemed as the ‘new conservatives’ in the Iranian establishment regarding their adherence to liberal economic policies, moderate political ideology and disapproval of radical segments in the regime. It may be held these personalities who are potential rivals in a

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8 Ali Larijani, former National Security Secretary and currently the Majles Speaker, Sadegh Larijani, Head of the Judiciary and Mohammad Javad Larijani, Head of the Human Rights Commission.

9 An executive body (Majma-ye Tashkhis-e Maslahat-e Nezam) responsible for coordination between Assembly of Experts (Majles-e Hebregean-e Rahbary) and the Council of Guardians (of the Constitution) (Shura-ye Negehban-e Ghanun-e Asaari), two key bodies of Iran’s power-sharing mechanism. For further detail please see below the section ‘the premiership debate’.

presidential race wish to curb if not oust the Ahmadinejad circle from the parliament ahead of the 2013 presidential elections. The camp has the implicit backing of former president (1989–1997), currently the head of Expediency Council Ali Akbar Hashemi Rafsanjani who faces marginalization efforts driven by Ahmadinejad. The second one is traditional principalists with links to Tehran bazaar around historical Islamic Coalition Party11 (Hezb-e Mo’talefe-ye Eslami or shortly Mo’talefe) and their aligned clerical organizations, shortly Jame’atein, in the traditional site of Islamic learning, Ghom. The third group is the radicals in and around the Ahmadinejad administration divided broadly into two segments: One group, including Ahmadinejad, reminiscent of the Putin-Medvedev model, wish to see Ahmadinejad’s controversial chief-of-staff Mashai replace Ahmadinejad whose term ends in 2013.12 The other group founded by Ahmadinejad is the Society of the Devotees of the Islamic Republic (Jam’iyat-e Isargaran-e Enghelab-e Eslami) or shortly Isargaran which is distant to Mashai and closer to the Supreme Leader. With a blend of nationalism and populism the group supports developmentalism and claims to fight economic corruption.14

Beginning from June 2011 a group named the ‘7+8 working group’ whose numbers relate to representatives of different principalist camps, toured the country pursuing a united principalist list for the parliamentary elections in March 2012. The group was headed by two principalist icons: Chairman of the Assembly of Experts15 and head of one of the two clerical organizations in Ghom, Combatant Clergy Association, Mahdavi Kani and head of the other organization, Society of the Lectures of Ghom Seminary and former chief of the Judiciary, Mohammad Mesbah Yazdi. The United Principalist Front (Jabha-ye Mottahed-e Osulgarayan) as the group came to be known attracted candidates from the Larijani and Ghalibaf camps, traditional principalists and also Supreme Leader loyalists. Pragmatic principalists around the Expediency Council (Chairman Hashemi Rafsanjani and Secretary Mohsen Rezai) opted to retain their core group under the Determination Front (Jabha-ye Istadegi). Meanwhile Ahmadinejad embarked on a similar attempt with a ‘three-person

Bearing in mind the tumultuous 2009 elections, the Iranian establishment is wary of another round of post-election distress that would portray the regime as weak and illegitimate in a revolt-stricken region.

11 Mo’talefe founded in 1962, is a powerful conservative body with links to bazaar merchants and financial institutions. Possesses moderate views and is against the marginalization of Rafsanjani who built his presidency (1989–1997) around the mercantile bourgeoisie.
12 Jame’atein (lit. two societies) relates to Combatant Clergy Association, Jame’a-ye Rohaniyat-e Mobarez, founded in 1978 and Society of the Lectures of Ghom Seminary, Jame’a-ye Modarresin-e Hoz-e Elmiyyeh Ghom founded in 1961. These two organizations were instrumental in rendering the Islamic Revolution possible as potent sources of opposition and currently hold key posts in the Council of Guardians, a key body which regulates compliance of legislation with Islam and decides on the candidate lists in elections.
14 Akbari, 2011. Also for a detailed analysis of the history of right-wing political groups in Iran please see Walter Posch, ‘Prospects for Iran’s 2009 Presidential Elections’, Middle East Institute, No. 24, June 2009.
15 Assembly of Experts (Majles-e Hebregan) which is responsible for electing and regulating the Supreme Leader, is elected directly by popular vote from a list approved by the Council of Guardians for 8-year terms. In March 2011 Chairman Hashemi Rafsanjani stepped down amidst government pressure to be replaced by Mohammadreza Mahdavi Kani.
committee’, including a former foreign minister, majles speaker and secretary general of Mo’talefe which ultimately came to nought. There have been defectors from his circle over Mashai who gathered in a group called Stability Front (Jabha-ye Paydari) headed by one of the two initiators of the united principalist list, hardliner cleric Mesbah Yazdi, who bargained for inclusion in the united list albeit with little success. Meanwhile the government-run media despite their apparent discontent with such parting, as the deadline for candidate registrations approached hinted at their support for this group. It is this perplexity which perhaps caused the Revolutionary Guard commander’s apprehension regarding the upcoming elections. Bearing in mind the tumultuous 2009 elections, the Iranian establishment is wary of another round of post-election distress that would portray the regime as weak and illegitimate in a revolt-stricken region.

Historically parliamentary elections have been indicative of the results of following presidential elections. In the 2004 parliamentary elections, which witnessed the lowest voter turn-out since the revolution, reformist candidates under Mohammad Khatami’s leadership dropped to 39 from 189 of a total of 290 seats in the majles due to principalist pressure including Council of Guardians limitations on the candidate lists and inner segmentation following Bush’s inclusion of Iran in ‘axis of evil’. The presidential elections next year saw Ahmadinejad’s victory whose allies, Islamic Coalition Party, Mo’talefe and Combatant Clergy Association in Ghom dominated the majles with 156 MPs. The run-up to the 2008 parliamentary elections had also been subject to debate as the Council of Guardians prevented eminent reformists to run for parliament, reducing their number to 130 from a total of 4,500 parliamentary candidates. The end-result was an increase in the principalist votes by 39, allocating them 195 seats. It must be noted however, the election of Ahmadinejad’s rival Ali Larijani as Majles Speaker pointed towards the growing segmentation within the principalist faction. The next year likewise saw Ahmadinejad clinch to presidency in the much contested election in the history of the Islamic Republic. This year’s parliamentary election is predicted to reflect the power struggle between the principalist factions, consolidated in the relative absence of reformists, and will arguably hint at whose side is closer to the presidency in 2013.

It may be argued that there were at least three instances where the power struggle between the camps has been most visible: the 2.6 billion dollar banking fraud/embezzlement scandal involving the heads of several prominent banks and government officials, the public debate that ensued after the Supreme Leader’s

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17 Please see Footnote 53 for examples.
comments on changing the presidential system and re-introducing the premiership and the raid on two compounds of the British embassy in Tehran.

The embezzlement scandal

Commencing from late August 2011 newspapers in Iran began to circulate a story which was to shape the political agenda for the rest of the year. Many read ‘The greatest embezzlement case in the history of Iran’; some even confessed their initial hesitation in believing the amount (3,000 billion tomans or 2.6 billion dollars) in question. The case involved a business person, Amir Khosravi, who allegedly used domestic letters of credit (LC) from some of Iran's leading banks (including private banks Saderat and Saman and government owned Bank Melli, the National Bank) to secure 2.6 billion dollars which then he used to found a bank (Bank Arya), purchase several companies, land and a government-run steel factory. Whilst trading of these letters is legitimate, it is where the fraud took place: Khosravi, through his company Amir Mansour, requested a letter of credit from a Bank A branch which it then sold it to Bank B branch at a discounted rate. Whilst the Bank B should have made an inquiry to the central branch of Bank A, it approached the original Bank A branch and re-sold it at the original price, thus making a profit. Khosravi through bribing a few bank clerks managed to amass the amount mentioned above in his personal deposit.

The politics of the case began when the principalist senior lawmaker, former presidential candidate and current member of parliament close to Larijani camp, Ahmad Tavakkoli reproached the minister of economy, Shamsoddin Hosseini on the grounds that the current financial institutions reinforce rentier relationships which is detrimental to the public as seen by the undue wealth amassed by a newly created bank (i.e Arya) through forged credit loans. Despite refraining from alleging a political group, the hard-line newspaper Kayhan whose editor-in-chief is appointed by the Supreme Leader had already attributed several banks to the ‘deviant current’ or the Mashai circle, including Bank Arya. With such reading one can argue it was predictable how the public debate was to take shape. On September 10, the heads of the executive, legislation and judiciary (i.e Ahmadinejad, Ali and Sadegh Larijani) met and appointed Chief Prosecutor Gholam-Hossein Mohseni Ejei to follow up the case. September 14 saw Ahmadinejad in a rally in northern province, Ardabil calling for the judiciary to “detain, try, prosecute, to make known to Iranian nation” whoever is involved in the embezzlement regardless of their “rank or post” within the system. Later in the month Ejei began arresting several suspects including Khosravi and the deputy governor of Central Bank whom was later released on bail. Meanwhile the managing director of Bank Melli fled Iran for Canada and his counterpart in Bank Saderat was dismissed. The Supreme Leader

20 ‘Hoshdar dadim baz ham ekhtalas shod’ (We gave warning yet again an embezzlement occurred), Shargh, 30 August 2011, http://sharghnewspaper.ir/Page/Paper/90/6/8/1
21 Letters of credit are financial instruments mostly employed in international transactions that signal to the buyer the seller of a good has the means to complete the transaction.
22 ‘Recent Embezzlement in Iran’, Press TV Documentary, 8 November 2011.
24 Ibid.
25 ‘Amalan-e ekhtalas ra dar har magham u lebasi mojazat va ma’rofi konid’, Iran, 15 September 2011, http://www.iran-newspaper.com/1390/6/24/Iran/4889/Page/1
While the case has yet to be settled it may be said this polarisation arguably hindered further progress on delivering the real perpetrators to justice and also the enactment of relevant reforms to augment the Iranian financial system.

Khamenei also publicly denounced the perpetrators.

Meanwhile in the majles on 30 October the relevant commission formed following the case found the Ministry of Economic Affairs and Finance, Central Bank (Bank-e Markazi), Bank Saderat and Bank Melli guilty of “fraud”. As a result, on 1 November the Minister of Economy, Hosseini was impeached. However following his apology and promise for reforming the banking system he was pardoned and reinstated by the majles. The united principalists who wish to enter the March elections as a single bloc and Khamenei loyalists mostly found in the traditional principalist camp used this embezzlement case as a campaign against Ahmadinejad/Mashai group. Tehran Mayor Ghalibaf-linked newspaper Tehran-e Emruz, called for deepening the embezzlement case, warned against reducing the scandal to a mere “banking corruption” and urged that it concentrate on officials outside the banking system who facilitated the fraud.

Nevertheless the presiding board of the majles overturned a motion spearheaded by principalist MP, Ali Motahhari, to summon Ahmadinejad over government irregularities including the embezzlement case. The motion submitted by one hundred MPs was cancelled by the presiding board over last minute withdrawals by 14 signatures following Supreme Leader’s call for unity in government branches, which caused Motahhari to resign.

In December 2011, reports came in that several MPs close to the united principalists were interrogated over the case, while some of the united principalists continued to stress Ahmadinejad’s chief-of-staff Mashai’s involvement in the fraud and denounce the majles’ decision to reinstate minister of economy Shamsoddin Hosseini. On the bright side the scandal led to public criticism of banking laws and regulations, brought forward questions regarding the privatization regime and also the lack of transparency in the government apparatus.

On the other hand the issue was inextricably linked to the principalist divide between the united principalists and the Ahmadinejad/Mashai camp. The two camps have so far accused one another of responsibility and involvement in the fraud in an attempt to impair each others’ credibility in the public eye.

26 ‘Gozarash-e majles az ekhtalas-e akhir: Ahraz-e takhallof-e vezarat-e eghtasad va bank-e markazi’ (The Parliament’s opinion on the latest embezzlement), Khabar Online, 30 October 2011.


ahead of the March elections. While the case has yet to be settled it may be said this polarization arguably hindered further progress on delivering the real perpetrators to justice and also the enactment of relevant reforms to augment the Iranian financial system. The parliamentary elections will be an indicator whether Ahmadinejad, who arguably owe much of his electoral success to his ‘anti-corruption’ stance, has managed to tackle the scandal or not.

### The premiership debate

On 16 October the Supreme Leader Ali Khamenei in his extended trip to Kermanshah province sparked public debate on the future of presidency. In his remarks Khamenei commented “in current conditions, the president is elected by public vote which is a good and effective method, but if one day – probably in the distant future – it is felt that it is better to elect executive officials by parliamentary vote, changing the current mechanism will not be a problem”32. Khamenei by his remarks arguably signalled his desire to re-introduce the premiership system which became obsolete in 1989 - the last prime minister being Mir Hossein Mousavi, the leader of the Green Movement. It may not be a coincidence that the proposal, albeit destined for a `distant future`, came at a time of growing unrest in the majles against Ahmadinejad’s administration on ‘deviation’ and ‘embezzlement’ charges. Indeed Ali Larijani, the Majles Speaker along with several traditional principalist members of parliament praised the proposal as “anti-dictatorial” and asserted the majles could summon an appointed premier and “ask him for explanations”33, in a possible allusion to Ahmadinejad who avoided the attempts led by Member of Parliament Ali Motahhari to bring him to the parliament over government irregularities including the embezzlement case.

Considering Khamenei’s ostensible rift with the president over Mashai, it may be possible to read the Supreme Leader’s wish for a strong parliament loyal to him and a considerably weak prime minister. Expectedly Ahmadinejad dismissed the proposal as “academic”34 and in an article posted on its website government-run Iran expressed condescending comments on the proposal and removed the article shortly after.35 The loss of presidential power was also not welcomed by other leading figures in the establishment, including head of Expediency Council and former president of the reconstruction era (1989-1997) Hashemi

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35 The article read: “Those who want to be known as the political elite are after such a plan. The competition now is over recognition. That means everybody is trying to find a way to get himself recognized. For example, in order for you [the person who is after recognition] to demonstrate that you are a political elite, you may say we do not need a president, but need a prime minister, or a magistrate.” ‘Ahmadinejad: “There Are No Political Prisoners in Iran”, Tehran Bureau, 24 October 2011, http://www.pbs.org/wgbh/pages/frontline/tehranbureau/2011/10/ahmadinejad-there-are-no-political-prisoners-in-iran.html
Rafsanjani. Rafsanjani’s cautious remarks framed in ‘republicanism’ found resonance in both reformist and principalist circles: Rafsanjani commented that such a change “would require changes in the constitution and the republicanism of the system, otherwise, deteriorating the republican section of the system would be against the constitution and without any doubts the Supreme Leader would not accept to limit people’s voting right”.36

Iran’s syncretic power-sharing mechanism, called velayet-e faghih (rule of the jurisprudent), considers the popular vote—which Rafsanjani hereby coins as ‘republicanism’—a crucial pillar of the regime. There are three key bodies in which the electorate has a say in their formation, namely the Assembly of Experts, the Majles and the Presidency. The Assembly of Experts (Majles-e Hebregan) which elects and regulates the Supreme Leader is elected for an 8-year term. The Majles which besides its legislative responsibility, has the right to question the president, approve or disapprove the cabinet and the budget, is elected for a 4-year term. The Majles also from a list prepared by the judiciary appoints 6 out of 12 members of the Council of Guardians (Shura-ye Negehban), a body ensuring the legislation is in accordance with the Islamic principles and constitution and also supervising the elections. The President, who is responsible for executing domestic and foreign policies and deemed as the ‘highest state official after the Supreme Leader’ according to the constitution is elected for 4 years and limited to serving two terms.37

The implication of this schism on the principalist divide may be as follows: the rift between Rafsanjani and Ahmadinejad is not new; Ahmadinejad in his presidency frequently avoided participation in Expediency Council meetings headed by Rafsanjani and is said to have lobbied to ensure his removal from his post as chairman of Assembly of Experts which resulted in Rafsanjani’s resignation in March 2011. Rafsanjani’s website as of late December 2011 was blocked due to containing material ‘critical of government’ and his politically active daughter Faizeh in early January 2012 was sentenced to six months in prison following charges on ‘anti-government propaganda’. The two figures have also had a dispute over Rafsanjani’s stronghold Islamic Azad University—the largest higher education institute in Iran. The university’s president, Abdollah Jasbi, after serving for 30 years was replaced in January 2012 by a figure close to the government. Despite such apparent disconcert, the two figures could join ranks in opposing limitations to a ‘strong’ presidency, deemed crucial for regime legitimacy and also their explicit or implicit exercise of power in the Iranian political system.

Whilst the premiership issue has seemingly moved down the agenda, the saga portrayed yet another complexity to decipher Iranian politics in which an influential pragmatic principalist aligned with his contender.

37 For further details on key political institutions in Iran please see, Abrahamian, 2008.
Ahmadinejad vis-à-vis the Supreme Leader Ali Khamenei and other factions in the principalist camp including the Majles Speaker Ali Larijani. The debate denotes interesting insight as to further observe the amorphous nature of principalist alliances.

The second embassy crisis

While the international dimension of the 29 November 2011 raid on two British compounds in Tehran is much debated, to me the domestic dimension is under-represented. In October, ahead of the upcoming IAEA (International Atomic Energy Agency) report on Iran’s nuclear activities, international pressure instigated by the US and Britain began to escalate on Iran. On 11 October, the US Attorney General accused the Iranian government of planning to assassinate the Saudi ambassador to the US. Later in the month, Bahraini government alleged Iran for masterminding attacks in Bahrain. 9 November saw the release of the new IAEA report which said Iran carried out “activities relevant to the development of a nuclear explosive device”.38 As the plot allegations and the report were strongly being condemned on the establishment level, 19 November witnessed an explosion at an Iranian missile facility that left a senior Revolutionary Guard commander dead, arousing suspicion of foreign intelligence services. In this context on 21 November the British Chancellor of the Exchequer announced to sever links with all Iranian banks, including the Central Bank of Iran, as part of a new sanctions package following the IAEA report.

The move encountered strong criticism in the Iranian media: the government-run Iran newspaper commented that the new sanctions will have “no effect on Iranian trade”39. Tehran mayor Ghalibaf-linked Tehran-e Emruz stressed sanctions imposed on Iran which is one of the world’s leading energy hubs, will make things “harder for the West”.40 Meanwhile two simultaneous developments on 23 November arguably hinted at the way things were heading: The first one is Ghalibaf’s decision to take on legal action against the British Embassy on the disputed41 Gholhak Garden following the razing of 300 trees in the compound by embassy staff who claimed they removed ones that died of ‘natural causes’. Beginning from late October, Ghalibaf publicised the event, leading to a 9 November student protest near the garden, and a later debate in the majles. The second one is the growing discontent inside the majles and the united principalist call to downgrade diplomatic ties with Britain championed by Majles Speaker Ali Larijani. With an overwhelming majority (171

39 ‘Tahrimha-ye banki bar tejarat-e keshvar bita’sir ast!’ (Sanctions on banking have no effect on Iranian trade), Iran, 23 November 2011, http://iran-newspaper.com/1390/9/2/Iran/4945/Page/1/
40 ‘Pasokh-e Iran be tahrimha-ye namaadin’ (Iran’s answer to symbolic sanctions), Tehran-e Emruz, 23 November 2011, http://tehrrooz.com/1390/9/2/TehranEmrooz/767/Page/1/
41 The Garden compound in affluent Northern Tehran was offered to the British Embassy as a summer residence in the 19th century and has been hosting British diplomats ever since. There have been official attempts beginning from mid-2000s to restore the garden back to the Iranian government on allegations the title given under Shah Reza Pahlavi was invalid and the British government never bought the property.
for, 3 against with 7 abstentions)\(^{42}\) the majles voted to downgrade relations with Britain to charge d’affairs-level on 27 November.

In this context and conjuncture, on 29 November, a group of basij\(^{43}\) students stormed the British Embassy in Southern Tehran and also the Gholhak Compound in the North and briefly occupied both premises. While the police arrested some of the infiltrators there was strong suspicion that the event was more than a student-led demonstration. The reception of the event was not monolithic in Iranian political circles. One can argue the united principalist press was sympathetic to the event with a half page photo of the protestors on the first page (not commonplace in Iranian dailies) and a headline, “the day of student rage”.\(^{44}\) Traditional principalist outlets close to the establishment glorified the event as an “entry of enraged students into the English den of spies”\(^{45}\), in a possible allusion to the first embassy crisis in 1979-1981 where the American “den of spies”, the US Embassy in Tehran was occupied for 444 days by revolutionary groups. The reformist press was neutral if not critical, “the protestors moved against the British Embassy”.\(^{46}\) Official newspapers however adopted a cautious attitude: The government-run Iran newspaper gave the story as a minor subheading which read “entry of students to the British Embassy and Gholhak Garden” while boasting the increase in exports despite sanctions as its main headline.\(^{47}\) The hardliner Kayhan, whose chief editor is appointed by the Supreme Leader, also gave the event as a secondary story with a title “students occupied the British Embassy”, stressing the “Islamist victory in the Egyptian Parliament elections” on the main headline.\(^{48}\)

It is worth noting that both Ahmadinejad and Khamenei refrained from making public statements in the course of the events. On 29 November, the Foreign Ministry in a statement expressed its “regret” over “some unacceptable behaviour of the protestors”.\(^{49}\) News portal Khabar Online, close to Majles Speaker Ali Larijani, quoted Ahmadinejad in an interview with Venezuelan state TV asserting that “the officials of the Islamic Republic of Iran’s Foreign Ministry expressed their view...”, indicating he too shared his “regrets” over the event.\(^{50}\) The portal juxtaposed his view with that of Larijani who hawkishly remarked that the move was a “response to the historical conspiracies of the UK against the Iranian nation” and criticized the UN Security Council’s condemnation over the raid.\(^{51}\) Ahmadinejad supporters meanwhile complained that the ‘downgrading ties’ bill was

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43 Basij-e Mostazafin (Mobilization of the oppressed) is the paramilitary volunteer force of the Revolutionary Guard Corps (Sepah-e Pasdaran) founded at the backdrop of Iran-Iraq War (1980-88).
proposed in the majles for electoral purposes and more specifically to divert attention from embezzlement charges on Alaeddin Borujerdi, an MP close to Larijani and also the head of foreign policy and national security committee of the majles.52 The clerics close to the establishment also begun to express criticism over the attack, asserting the illegality will result in Iran paying a “heavy price to the enemy (doshman)”.53

The event saw Britain’s removal of its ambassador and the embassy staff from Tehran and also the closure of the Iranian embassy in London. One may speculate that members of the united principalists, chiefly Ghalibaf and Larijani in an effort to gain the upper-hand on hardliner support ahead of the parliamentary elections acted on the growing anti-western sentiment vis-a-vis international pressure. Also another interpretation may hint at the stand-off between the majles, headed by Larijani and Ahmadinejad in which the former reasserted its authority by expelling the British ambassador, an authority which was presumably lost following Ahmadinejad’s avoidance to answer to the majles over the ‘deviation’ and embezzlement sagas. A final interpretation articulated by an ex-patriot scholar54 is that the raid and the reception that followed were due to the united principalists’ unwillingness for the Ahmadinejad administration to carry out another round of talks on the nuclear issue with the 5+1 countries, a possibility arisen by an October letter sent by the European Union Foreign Policy Chief Catherine Ashton to the Iranian Supreme National Security Council. The fact that there is a strong possibility that the talks may resume now even after the embassy raid -reinforced by Turkish Foreign Minister Ahmet Davutoğlu’s visit to Tehran with the letter mentioned above- however signals a miscalculation on the part of the united principalists if such a motive existed.55

**IRANIAN POLITICS IN THE AFTERMATH OF CANDIDATE REGISTRATION**

On December 30 the registration deadline for parliamentary elections passed. Iranian Minister of the Interior announced that 5,283 candidates, of whom 1006 will contest for 30 seats allocated to Tehran, registered their candidacy to the ninth parliamentary elections.56 Newspapers and media portals in Iran embarked on deciphering the political allegiances of the candidates, especially the ones running for office in Tehran. Khabar Online, a news portal close to Majles Speaker Ali Larijani, noted 62 well-known candidates: 29 close to the united principalists (Jabha-ye Mottahed), 13 close to the Stability Front (Paydari), 2 close to both, 4 close to the Expediency Council group, the Determination Front (Istadegi), 4 reformists and 1 belonging to the ‘Mashai current’ while the rest are either independents or these whose political allegiance could not be unravelled.57 The government-run Iran newspaper gave the


53 Ibid.


The political representation in the majles and possible electoral irregularities emerged as initial debates following the registration.

distribution of their 68 renowned candidates as 36 united principalists, 15 paydaris, 9 reformists and 5 independents with reformist tendencies.

With the end of the registration period the eyes have been fixed on the Council of Guardians whose spokesperson announced they will publicize the approved candidate list on 20 February (1 Esfand in Iranian calendar) but later changed the deadline to 10 February.58 As mentioned above, the body, whose members are appointed by the majles and the Supreme Leader, is in charge of ensuring the legislation is in accordance with Islamic principles and also approving candidate lists for elections. The political representation in the majles and possible electoral irregularities emerged as initial debates following the registration.

Principalist Resalat emphasized Council of Guardians spokesperson’s comment “all of the groups have registered to participate in elections” hinting at the reformist participation in a possible effort to boost credibility and participation in the parliamentary elections.59

Arguably in similar fashion, Tehran Mayor Ghalibaf-linked Tehran-e Emruz quoted a reformist MP saying “at least seven hundred reformists registered to run for parliament”.60 Meanwhile in the reformist camp mixed feelings have prevailed: As of mid-November there were talks that reformist former president Mohammad Khatami, might lead his followers to participate in the parliamentary elections.61 Several reformist figures and groups however retained their initial stance following the house arrests of the Green Movement leaders to not to participate in the election.62 The current figures reveal that there is a degree of participation by the reformists, perhaps neither as low as the principalist media suggests nor as high as the reformist MP suggests, however the approval rate by the Council of Guardians is a matter of concern amidst ‘sedition’ (fetneh) allegations that have already begun.63

Meanwhile on the principalist front there seems to be a degree of apprehension as Ahmadinejad reiterated his desire to secure a majority in parliament by appointing a senior

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58 One can argue that the date change may have been proposed to coincide with the ‘Victory of the Islamic Revolution Day’ (Piruzi-ye Enghelab-e Eslami) on 11 February (22 Bahman), a day commemorating the revolutionaries’ victory over the pro-Shah government and armed forces. The Council, bearing in mind Khamenei’s unity calls and the protests last year which culminated into house arrests of the reformists might have opted for such a change.


60 Arguably in similar fashion, Tehran Mayor Ghalibaf-linked Tehran-e Emruz quoted a reformist MP saying “at least seven hundred reformists registered to run for parliament”.
61 Meanwhile in the reformist camp mixed feelings have prevailed: As of mid-November there were talks that reformist former president Mohammad Khatami, might lead his followers to participate in the parliamentary elections.
62 Several reformist figures and groups however retained their initial stance following the house arrests of the Green Movement leaders to not to participate in the election. The current figures reveal that there is a degree of participation by the reformists, perhaps neither as low as the principalist media suggests nor as high as the reformist MP suggests, however the approval rate by the Council of Guardians is a matter of concern amidst ‘sedition’ (fetneh) allegations that have already begun.
63 Meanwhile on the principalist front there seems to be a degree of apprehension as Ahmadinejad reiterated his desire to secure a majority in parliament by appointing a senior
assistant to take charge of the electoral campaign. His implicit alliance with Paydari met with criticism amongst the united principlists: ‘Tehran-e Emruz questioned why Ahmadinejad’s office is still active in the run-up to the parliamentary elections vis-a-vis his mandatory retirement at the end of his term in 2013.’ Moreover apart from the ubiquitous ‘seditionist’ apprehension, there is also a fear that administration officials may be involved in electoral manipulation. Both Ahmadinejad’s electoral assistant and Council of Guardians spokesperson felt the need to rule out such possibilities. However there is also hope on the united front: The spokesperson of Jabha-ye Mottahed and former foreign minister in Ahmadinejad cabinet, Manuchehr Mottaki predicted that of 29 principalist Tehran MPs in the current majles (occupying all but one seat allocated to the capital) that are mostly Ahmadinejad supporters, only half will make it to the electoral slate. Newspapers close to the establishment such as Kayhan –whose chief editor is appointed by the Supreme Leader– retained an all-embracing attitude over the principalists and warning of the dire consequences commented that the way forward is “unity, alliance and speaking with one voice.” The run-up to the election has nevertheless proven otherwise: recently the

The latest reports indicate that around 3,250 of 5,283 candidates (60%) were approved by the Council of Guardians. 40 MPs have failed to obtain approval, including staunch Ahmadinejad-critic Ali Motahhari, an MP close to Ali Larijani, Hamid Reza Katouzian and also several reformists. The low rate indicates that the Council following the ‘unity’ call of the Supreme Leader has been dismissing names from all factions, including united principalist Tehran Mayor Ghalibaf’s circle and the Mashai current. Of the reformists who make up 14% percent of total parliamentary candidates according to the Minister of the Interior the


69 ‘Redd-e salahiyat-e kandidha-ye jaryan-e enherafi va hamostani-ye ahmadinejad’ (Decline of candidates from the deviant current and Ahmadinejad’s home district), Aty News, 25 January 2012.

70 ‘Vazir-e keshvar: 14 dar sad namzadha eslahtalab va 34 dar sad osulgaran hastand’ (Ministry of the Interior: 14% of the candidates are reformists, 34% are principalists), Khabar Online, 17 January 2012, http://www.khabaronline.ir/detail/194506/politics/election


number of MPs which will be represented in the next parliament considering the reformist call to remain as independent is however a bigger mystery waiting to be resolved at a date later than 10 February.

CONCLUDING REMARKS

In this analysis I have tried to summarize the schism amongst the principalists which was consolidated during the past year as the country entered an election-cycle ahead of the ninth parliamentary elections in March 2012. In the relative absence of the reformists, the wide array of factions within the principalist camp under two principalist icons embarked on an attempt to produce a common slate for the upcoming elections. The collapse of the united principalist list was catalysed by debates surrounding the controversy over Ahmadinejad’s chief of staff Rahim Mashai, the embezzlement scandal involving Iran’s leading banks and government officials, Supreme Leader’s reintroduction of premiership proposal in October and the British embassy raid in December. Three conclusions may be drawn on these debates regarding the nature of principalist alliances, the relationship between Khamenei and Ahmadinejad and the link between Iranian domestic and foreign politics.

1) Nature of principalist alliances

The run-up to the candidate registration for the ninth parliamentary elections unravelled the high degree of mobility and amorphous nature of the principalist factions. The moderate/pragmatic principalists in the Iranian establishment share a common adherence to liberal economic policies, moderate political ideology and disapproval of radical segments in the regime. Despite being rivals, key personalities (Majles Speaker Ali Larijani and Tehran Mayor Ghalibaf) in this faction in an alliance of convenience joined the united front led by two traditional principalists leading the two societies in the traditional site of Islamic learning, Ghom. Another segment, the Expediency Council group, headed by Chairman and former president Hashemi Rafsanjani and Secretary Mohsen Rezai, however retained their group and gave implicit support to the united principalists. Meanwhile the radicals in Ahmadinejad’s circle were divided into two around the controversial aide and 2013 presidential hopeful Rahim Mashai and one of the two icons heading the united front, the radical cleric Mesbah Yazdi opposing Mashai but supporting Ahmadinejad. The latter (Stability Front or Paydari) initially drew criticism from the government however as the candidate registration deadline approached it seemed an understanding was reached. Moreover one should also bear in mind that the ideological differences between the camps are not so clear-cut as the premiership debate brought long-standing adversaries Ahmadinejad and Rafsanjani together on common ground. It can be argued in the aftermath of the deadline, the number of different projections regarding the make-up of the ninth Majles, the number of the unknown and independent candidates, the reformist call to remain as independents, the unity messages emanating from the office of the Supreme Leader, the Council of Guardians’ cut-down of names from all factions all hint at a degree of fluidity that may have only begun.

2) Relationship between Khamenei and Ahmadinejad

Although there is a degree of disconcert, the rift between Rahbar-e Mo’azzam Ali Khamenei and President Mahmoud Ahmadinejad over Mashai perhaps is not as strong as both the united principalists and the reformists hope to be. There are several indicators: In the embezzlement saga in October a motion to summon Ahmadinejad to
the majles over the case signed by 100 MPs was overturned by the presiding board of the majles. There is a distinct possibility that the last minute withdrawal of 14 signatures and also the board’s decision were influenced by the Supreme Leader’s call for unity in government branches, a call which he repeated in 2010 over a similar case. Also Supreme Leader-backed hardliner Kayhan’s moderate reception of the embassy raid in conjunction with the government media vis-a-vis the tumultuous response given in other, especially united principalist media and also criticism by clerics close to establishment over the attack may be interpreted as a backing to Ahmadinejad. The President’s late and implicit support for the Paydari-defectors from his circle that are closer to Khamenei over the Mashai affair, arguably requites the Supreme Leader’s backing. There are few doubts that Khamenei’s main concern is to ensure a principalist dominated majles; however it may be speculated that for him the means to do so is to sustain ‘legitimate oppositions’ in relative absence of the reformists to augment the regime’s legitimacy which was severely damaged in the aftermath of 2009 elections. One could also think Khamenei’s proposal to reintroduce the premiership as a support extended to Ahmadinejad’s rivals, the united principalists, contributing to ‘legitimate opposition’ rhetoric whilst calling for unity.

3) Link between Iranian domestic and foreign politics
Policymakers ought to take Iranian domestic policy into consideration both in understanding this sui generis polity and devising foreign policy. There is literature stressing there have always been limits to civilizational aspects (i.e. Islam, Iranian nationalism, the west) of Iranian foreign policy which are related to ‘rationality’ and ‘national interests’. Despite common misrepresentation, it may be stressed that the Islamic Republic almost from its inception emphasized rationality in its dealings with the outside world: Two examples may be given in regards to efforts for societal rapprochement with the West. In the reconstruction era, following the Iran-Iraq War (1980-1988) under Hashemi Rafsanjani as president, it was the Iranian government which signed a contract with a US oil firm (Conoco) and saw the deal dismissed by the US government. Also the reformist president Mohammad Khatami, long before the much publicised United Nations ‘alliance of civilizations’ secretariat, devised a ‘dialogue of civilizations’ program which met US president George W. Bush’s ‘clash of civilizations’ rhetoric in his second term (2001-2005).

From a more negative perspective an analogous case is the US Embassy hostage crisis in 1979-1981 where the embassy was occupied for 444 days by revolutionary groups. There, an act of illegality was employed to further domestic and foreign objectives by the Iranian leadership. Bearing in mind the two-headed nature of the Iranian leadership at the earlier stages of the revolution (Ruhollah Khomeini as the Leader, Mahdi Bazargan, a lay prime minister of the Provisional Government announced in February 1979) which led to unrest and assassination attempts directed at the leading cadres, a foreign victory such as the embassy occupation crucial to overcome domestic anarchy was invented. Also as a consequence Bazargan’s peaceful resignation

75 ibid., p. 80.
77 Ansari, 2011, p. 80.
who opposed the raid was ensured leaving the government solely to Khomeini and his circle. Moreover it may be argued suspicion in the leadership and, to an extent, the public over the overthrown Shah’s acceptance to the US for medical treatment was rationalized on the memory of 1953, where Prime Minister Mohammad Mosaddegh was overthrown in a CIA orchestrated coup d’etat over nationalising the oil industry and thus justified the raid.\footnote{ibid.} Also the end of the crisis denoted a greater realism and rationality where the Reagan administration sold arms to the Iranian government in exchange for the release of hostages and also to secure funding for the counter-revolution operations in Nicaragua against the leftist government. The incident going down in history as the ‘Iran–Contra Affair’ in 1986 in a way depicted the limits of culture in foreign politics where Iran in war mobilization against Iraq opted to bargain with the newfound regime’s greatest antagonist and reach a deal. Similarly one should not dismiss the recent British Embassy raid in December 2011 as an act of recurrent irrationality portrayed by the Islamic Republic. It, to me at its best denotes an artificial irrationality brought about by domestic factionalism within the regime, more precisely the principalists. It may be argued in a rational and calculated move the united principalists spearheaded by Tehran Mayor Ghalibaf and Majles Speaker Ali Larijani capitulated on the Revolutionary Guard provoked incident to ensure hardliner support, to reinstate long-time mitigated majles authority and for some pundits to hinder another round of 5+1 talks under the lame-duck and radical Ahmadinejad administration. The fact that 5+1 talks may resume now might indicate that this illegal political folly was played down by Western governments and temporarily relieves the international community hinting that there is still room for diplomacy. However the 5+1 should not disregard the intensification of sanctions (more recently the European Union’s oil embargo) along with the continuing ‘regime change’ rhetoric will only result in hardliners clinging to power in Iran.