

# Domestic Dynamics and Foreign Policy: Transition or Trauma in Iran?

Professor Abbas Milani

Hamid and Christina Moghadam Director of Iranian Studies, Stanford University

Chair: Sharan Tabari

Senior Adviser, Legatum Institute

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## Sharan Tabari

Good evening, ladies and gentlemen. Welcome to Chatham House. I'm Sharan Tabari, I'm a journalist and Iran adviser at the Legatum Institute, which is a global think tank in London. I have the honour of introducing Professor Abbas Milani tonight. Before that, I have to announce a few points. This event is on the record. You can comment via Twitter, #CHEvents.

As I said, I'm delighted to introduce Professor Milani, who was born in Tehran, educated in the US, and returned to Iran before the revolution. He taught in Tehran University, Department of Politics and Law, from 1979 to 1986, when he went back to the US, and has not returned to date. He has published many books and articles, both in Persian and English. It was two books, one on the Shah's longest-serving prime minister, Amir Abbas Hoveyda (*The Persian Sphinx and the Riddle of Iranian Revolution*), and a book on the Shah himself in 2010, that made him a household name among Iranians and Middle East Studies circles around the world. His excellent command of Persian and non-Persian literature, as well as his passion for it, has gifted him with a style of writing that is appealing to people from all walks of life. At present he teaches at Stanford University, where he founded the Iranian Studies programme. He regularly writes on current affairs for a number of US newspapers, including *The New Republic*.

In his talk tonight on 'Domestic Dynamics and Foreign Policy: Transition or Trauma in Iran?', Dr Milani draws our attention to the transformation of Iranian society and its interaction with the Islamic regime. He argues that Iran's future, globally, regionally and internally, depends on the success of this domestic negotiation.

## Abbas Milani

Good evening. Thank you very much for coming. Thank you for the invitation. I'm sure if I tell you that three weeks ago at Stanford University, we gave a literary award to the man who has written the book *My Uncle Napoleon* – if you have been following Iran, you will know the novel. It's about the Iranian belief that the British run the world and that every conspiracy anywhere in the world is hatched in this very house. The idea that three weeks after giving this prize, I would be giving a talk here, in the fertile minds of the conspiracy buffs cannot but be a conspiracy. I can just imagine them saying: did you see, after three weeks he is there in Chatham House talking about this? So if you tweet me, please tweet kindly.

Iran is a country of many paradoxes. I'm going to talk about some of these paradoxes and suggest that if the international community, the west and the United States are going to get its Iran policy right, they need to understand these paradoxes and they need to formulate policy based on these dynamic, changing realities that is Iran. My premise is that the common image we have of Iran, of a dour country run by septuagenarian men, is incommensurate with the reality of Iran. The reality of Iran is a vibrant society ill at ease with its rulers, unwilling to challenge them frontally because they realize they might have a very violent confrontation, but keen on changing the regime without going through the process of a regime change.

It is a society that I think is very savvy. It is a society that I think knows what it wants. It is a society where the youth are at the forefront of these changes. It is a society where women, in spite of all the pressures that the regime has brought upon them, are now at the forefront of the democratic movement. They have made their presence felt in every domain of Iranian society and politics.

Let me give you a couple of examples. Sixty per cent of Iranian college graduates are now women. That is very much against every prediction that you would have had 30 years ago. The fact that the regime currently is trying to have negative quotas on women, the fact that many programmes are closed to women as being 'unfeminine', has not stopped women from trying to create new opportunities and new spaces.

Facebook is illegal in Iran but there are 5 million Facebook accounts. Instagram is illegal in Iran; there are a million Instagram accounts, and the government officials themselves have Instagram accounts and Facebook accounts, although they decree it to be illegal for the rest of the society. It has 45 million internet users. Iran has one of the slowest internets in the world but has, per capita, one of the largest web-blogging countries, one of the largest web users in the Middle East. These things are, in my view, what is going to define the future of Iran.

I think the future of Iran is very different than its present. I think the future of Iran is going to be determined by the youth and by the women's movement. It is going to be a society much more open to the international community, much more global, much less xenophobic, much less keen on religious dogma than the regime would like to have or the regime would like to admit. Although Mr Khamenei has in recent months, in fact, in recent years, repeatedly talked about the culture wars that he says keeps him awake at night – what he says keeps him awake at night more than anything else is this cultural attack. What he is actually talking about, in my view, is that Iranian society has gone in a different path than what the regime intended for it.

Ayatollah Khomeini famously said when he came back to Iran that the economy is for donkeys, that the people did not make a revolution for a better piece of watermelon – that they made a revolution in order to have a more Islamic society. With every measure conceivable, Iranian society today is less Islamic than it was 35 years ago. Women are more assertive in more areas than they were 35 years ago. This has occurred because there was a trajectory of movement. The 1979 revolution was a movement to have a democratic Iran. It failed to deliver, but the forces that wanted that democracy have not disappeared. That's why we have had 35 years of political tumult in Iran.

One of the paradoxes of Iran is that there is stability but underneath that stability, underneath the skin of that society, is this constant tension, this constant dissonance between the powers at the centre and the realities at the social level. The reality at the social level is this vibrant society that I described.

To me, part of the difficulty facing the regime in Iran today, part of the difficulty of achieving a nuclear deal with the international community, is that it has to face many competing factions within Iran. Again, one of the paradoxes of the Iranian regime is that in spite of the appearance of a monolithic façade, it is in fact a fractured society: fractured at several different levels. The leadership in Iran is no longer, if it ever was, united behind a unified line. Ayatollah Khomeini famously said before his death that the Islamic Republic will survive so long as Khamenei and Rafsanjani are allies. They were allies for almost 20 years but the last 10 years they have been virtually at each other's throat. They have very different ideas on how to take Iran forward.

To me, the IRGC is not a unified, cohesive force. The idea that the IRGC is one unified force and takes all of its orders from Ayatollah Khamenei is not sustainable by reality. Just the last few weeks, some of the events that have happened in Iran speak of a profound tension between the IRGC (the Revolutionary Guards) and the Rouhani government, between the IRGC and some of the other members of the IRGC who are now in the Rouhani government and see the Rouhani path as a way out of the solution.

The Rouhani government went forward and declassified or leaked a document about how elements within the IRGC are working feverishly to dismantle the Rouhani government. And part of what was leaked was the conversation between Rouhani taking this report to Khamenei and saying, look what the IRGC is doing to me – and Khamenei is supposed to have responded, I can't control the IRGC anymore. The fact that the report was leaked, the fact that that comment was leaked, the fact that in the last three or four days some key elements within the parliament have said rather remarkably critical things about Khamenei – all, to me, indicate that there is fracturing and factionalism at the top.

There is also, in my view, profound discord between society and the regime. The regime has about 7 to 10 million votes. You can go to the last few elections and you can see that. Every time the people had a choice that they could register their dissatisfaction with the status quo, they have done it to the tune of 19 to 25 million votes. The vote for Khatami was a vote against the status quo at the time. The vote for Rouhani is a vote against the status quo at the time. You can see the trajectory of the fortunes of Mr Rafsanjani. You can see that his ability to get votes increased as he distanced himself from the status quo and decided to maybe join part of the democratic opposition.

So just two days ago, Mr Khatami – not known for political bravura – said 10 per cent of Iranian society is trying to force its will on the rest of the society. That was, to me, a remarkably daring thing for someone like him to say. That, to me, confirms the idea that there is this schism between people who want a more democratic society, who want a more open society, who want a society where women can have equal access to public space, where there is equality for religions and people of all faiths – and a regime that is unwilling to accept it. A society that wants to join the international community, that is global in its views – and a regime, at least some in the regime, that want to keep this a much more closed, much more enclosed, society. So that is another one of the most important schisms and factions that we need to take into account.

There are clearly discordant views about how to proceed with the economy. There are some, under the guise of the 'economy of resistance', who want to keep the current status quo. It is a status quo that is virtually destroying the private sector. It is a status quo where somewhere between 65 and 75 per cent of the entire Iranian economy is controlled by either the IRGC or the foundations. The foundations are directly controlled by Ayatollah Khamenei, don't report to anyone. The IRGC are notorious for getting contracts by force, getting sweetheart contracts. The private sector, including some members of the bazaar, are becoming increasingly dissatisfied with this status quo.

There is a force within the Rouhani government, including some of his top economic advisers, who represent the private sector, who represent the desire of the private sector, to have a more equitable economic distribution system. Not necessarily in terms of equality of income, but equality of access to the rent. There is a fight over the future of the economy in Iran. Will Iran be a rentier state, as it has been, controlled by a small minority? Or will it be an economy that is trying to get out of its rentier state condition? Some in Iran are clearly aware of what the future holds. The future is oil at possibly \$65 per barrel. It's a future that has Iran's share of the oil market much less than it has been up to now. But there are others who want to maintain the status quo. So you have this tension going on.

In the aesthetic realm, in the realm of everyday life, in the realm of education, on all of these things – I don't have time to go into it; if we have time in question and answer, I will be glad to develop some of those – we have these tensions between the status quo and what the people want. Because there are these different constituencies, Mr Khamenei has been having a very hard time trying to find a solution to the nuclear impasse. He needs to have an agreement that he can sell to his constituency as a win. He needs to show that he has not given up too much, although they have given up some, but they need to show that

they have not given up. Just yesterday, Mr Khamenei again gave a very interesting speech where he says: we haven't given up anything, basically. It is the West that has given up. It is the United States that needs this agreement much more than us.

And just as the negotiating team is trying to find a negotiated solution, Mr Khamenei went for the last week on a rampage against Israel, issuing a directive on how to destroy Israel in nine steps. Some of the IRGC commanders talking about how they have armed Hezbollah with new, pinpoint-accuracy missiles, how they have given more sophisticated missiles to Syria, how they are going to – again, Mr Khamenei said just recently that it is going to be inevitable that the West Bank is going to be armed the way the Gaza Strip is armed. In other words, the kinds of comments that would undermine the ability of the Rouhani team to arrive at a negotiated settlement. The kind of argument that lends credence to the Netanyahu government's claim that the Iranian regime should not be trusted with any level of enrichment. So because these warring constituencies exist, because of these different factions, it has become very difficult for Iran to arrive at a negotiated solution.

The same kind of factionalism unfortunately exists in the western attitudes toward Iran. I can speak a little bit more knowledgeably about the United States. I think it's fair to say that the United States has not had a strategy on Iran since Richard Nixon. Richard Nixon, in my view, was the last president – whether you liked his policy or not – who had a strategic view of where he thought the Middle East was going and what role Iran was going to play in it. Every president since then, in my view, has had tactical responses arising out of tactical needs. Some kind of an understanding of where is the Middle East heading and where does Iran fit in that, and how can the west accommodate or contain what this role is, I think has been lacking. There are clear differences between Europe and the United States, between Europe and Russia, between Europe and China, about what to do with Iran. So it has been very difficult to come up with a coherent policy, both here and Iran.

In terms of where the trend lines are, I would think that a wise, prudent, western policy would be one that doesn't just take into consideration the current status of forces but looks at where Iranian society is going to be. I think Iranian society in ten years will be in a very different place than it is today. It is going to be, as I said, a more open society. The number of events just in the last two weeks that show these fissures, that show this sort of volcano of seething discontent – a seething discontent that doesn't show itself, doesn't want to show itself, in political confrontation with the regime.

I think the Iranian people are finding a new way of apolitical or anti-political politics. They have decided that a frontal assault on the regime, a frontal political confrontation with the regime, might well lead Iran to become another Libya, another Syria. They're trying to accomplish this in a much more sophisticated, subtle, progressive and long-term way. Unless we understand this, I think we will be fooled by either the rhetoric of the radicals in Iran or the promises of some of the Iranian leaders, like Mr Khamenei, that suggest that the future of Iran will lie in an alliance with Russia and China. Just in the last week alone, there were very interesting hints about: if we don't get a deal here, there is somewhere else we could go; and that we are going to form a kind of alliance between Russia and China. My sense is that the majority of the forces in Iran don't want that path. The paradigm they want is an Iran more aligned with the west, more aligned with the global community, than an alliance of authoritarian regimes that think that authoritarianism is the future.

I suggest that any policy that does not take into account where Iran is heading rather than where Iran is today, is likely to fail. Thank you.