

# UNDERSTANDING IRAN



HUGH BARNES AND ALEX BIGHAM

PREFACE BY STEPHEN TWIGG

The Foreign Policy Centre 

## Understanding Iran: People, Politics and Power

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## Disclaimer

The views in this paper are not necessarily those of the Foreign Policy Centre.

## Preface

Iran is very much in the headlines of the western media. The main focus is the potential threat posed by its nuclear programme. How much, though, do we really know about Iran? The complexity of Iranian power structures and the diversity of Iranian society are not well understood in the West – not in Europe and certainly not in the US. As this paper highlights, the reality of power in Iran is far more complex than might first appear.

Two priorities for UK policy in the Middle East are to engage with Islam and to promote democracy. Iran provides an interesting and difficult challenge in both these areas. Albeit in a highly constrained form, Iran does have a version of democracy; the people of Iran have opportunities to express their will which are not available in the majority of Middle East countries. At the same time, Iran is an Islamic Republic – its 1979 revolution was unique; it was an Islamic revolution, though one that had a broader base of support at the time.

The election of the reformist Khatami to the Iranian presidency in 1997 led to a marked change in UK and wider EU policy with a concerted effort to engage with Iran in general and with its reformist elements in particular. The election of Ahmadinejad last year has raised serious questions about the effectiveness of continued efforts to engage with the regime. The new president has called into question the veracity of the Holocaust, denied Israel's right to exist and taken a very hard line on the nuclear issue. Without doubt, his success has played into the hands of those, especially in the US, who have long been sceptical of the benefits of engagement.

The Foreign Policy Centre is launching an Iran programme because we believe it is essential that UK policy on Iran is well informed and because we want to engage with the various reformist elements in Iran; both inside and outside the structures of power. As this paper argues, we believe the only solution to all of this is democracy, 'but it cannot be dictated, Iraq-style, or it will backfire'. There is potential for political dialogue, economic ties and cultural contacts to act as catalysts for the strengthening of civil society in Iran.

In any dialogue with Iran, human rights considerations should be central. Religious persecution – notably of the Bahai community – remains a major concern. Persecution of ethnic minorities and homosexuals remains widespread. Whilst women do have certain rights that are denied them in other Middle East countries, discrimination remains rife. The promotion of democracy is not simply about the right to vote (fundamental as that right is). It is also about addressing issues of free speech and tackling discrimination. To be fair, Iran is hardly alone in its widespread abuse of fundamental human rights so part of any dialogue should be for us to demonstrate that we take such abuses seriously wherever they are committed.

It would be wrong to dismiss Iran's security concerns out of hand – this is a country that suffered at least half a million casualties in the war with Saddam's Iraq and feels strategically encircled either by countries containing large numbers of US troops (Afghanistan and Iraq) or by countries that are armed with nuclear weapons (Pakistan, India and Israel). Our paper makes the case that 'a more secure Iran would create better conditions for the re-emergence of a pro-Western, peaceful, democratic movement inside the country'. The pressing challenge for the UK and the wider world is to find the means to achieve this important goal.

**Stephen Twigg**  
**Director**  
**The Foreign Policy Centre**

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## Introduction

The diplomatic crisis sparked by Iran's nuclear programme has focussed attention on the balance of forces within the Islamic Republic. Some people argue that the level of disaffection and contradictoriness at the heart of the Iranian regime puts its long-term sustainability in serious doubt. Yet this point of view can often lead to bafflement and incomprehension because it divides the various factions too simplistically into conservatives and reformers – the modernist right, Islamic left and technocrats – plus a handful of intellectual and religious dissenters, some nationalists and some students. The reality of today's Iran is more complex. This pamphlet argues that the West's failure to engage successfully with Iran is due to a failure to understand the structure of the regime and the background to recent political changes. Therefore it provides a map of the various power bases, political and theocratic, using diagrams as well as text, and assesses the strength of the opposition and civil society in order to ask whether the real divide in Iran lies between the hardliners and the reformers, as commonly believed, or between the people and the regime.

Several long-term factors in Iranian history have contributed to the present crisis. Iran is unique among Middle Eastern countries, not least because its official language, Farsi, is Indo-European. Historically, Iran has also played a unique role in the Middle East, as an imperial power and as a factor in rivalries between East and West. Today, its strategic position between Central Asia, the Persian Gulf, South Asia and Turkey and its vast resources – with 15 per cent of total world gas reserves and nine per cent of global oil reserves – put Iran at the centre of multiple security dilemmas critical to the region, including notably Iraq's and Afghanistan's political futures as well as nuclear proliferation.

The Islamic revolution of 1979 created today's Iran, and the post-Khomeini republic sometimes acts as if it were still a revolutionary state, outside the system of international law. Powerful conservative clerics and security officials maintain significant control over many key centres of power, including the military, intelligence services and the judiciary, and use covert means to circumvent their rivals'

nominal control of the foreign policy apparatus. It remains to be seen whether long-entrenched contradictions between theocratic and democratic rule, between regime policies and citizen demands, will be resolved through political upheaval. Behind the scenes a fierce struggle is underway. In one camp is President Mahmoud Ahmadinejad, his supporters in the Revolutionary Guards and the paramilitary force known as the Basijis, and messianic fundamentalists inspired by the teachings of Ayatollah Mohammad Taqi Mesbah-Yazdi. In the other camp is Iran's embattled democratic movement, not to mention an array of forces that benefited from the status quo before Ahmadinejad came to power, including the head of the Expediency Council, Ali Akbar Hashemi Rafsanjani.

Ahmadinejad's threat to Iran's security and freedoms is helping to unite an opposition coalition that sees more clearly the dangers of confrontation with the West. At the same time, there is no clear divide between an entrenched 'regime' on the one hand and a dissatisfied populace on the other. A strategy that gambles on a popular uprising to bring down the current regime runs the risk of undermining those very forces it purports to want to help. Unfortunately the West does not have the luxury of waiting for a more open and reform-minded regime in Tehran.

On the nuclear issue it is clear that the European policy of negotiated containment, ambiguously supported by Russia, has failed. In March of 2006, the International Atomic Energy Agency (IAEA) finally decided to report Iran to the UN Security Council after pointing out 'many failures and breaches of its obligations to comply with the Nuclear Non-Proliferation Treaty (NPT) Safeguards Agreement'. On 11 April, Iran raised the stakes by announcing it had already succeeded in enriching uranium to the low level of 3.5 per cent used in civilian nuclear power plants. The Security Council will almost certainly fail to resolve the problem. It is likely to continue to assert the IAEA view that Iran must cease enrichment activities. It is unlikely to impose sanctions because China and Russia have to be persuaded not to veto any resolution. The next logical step for Iran would be to follow the example of North Korea three years ago by withdrawing from the NPT and expelling the IAEA inspectors. That would lead to a more dangerous situation, as it would then be difficult to constrain Iran without military action, so there is an urgent need to

persuade the regime to become less confrontational in its strategic policy.

## Geography and Population

Iran has an area of 636,300 square miles. It is bounded on the north by Azerbaijan, Armenia, Turkmenistan, and the Caspian Sea, on the east by Pakistan and Afghanistan, on the south by the Persian Gulf and the Gulf of Oman, and on the west by Turkey and Iraq. Iran also controls about a dozen islands in the Persian Gulf. More than 30 per cent of its 4,770-mile boundary is seacoast.

Iran's population of almost 70 million is 89 per cent Shia Muslim, 10 per cent Sunni (mostly Kurds) and one per cent Zoroastrian, Bahai, Jewish or Christian. It is a very young population – 46 per cent are below the age of 15, and 65 per cent are younger than 25. This demographic bulge was encouraged by Ayatollah Khomeini, who called on families to have many children in order to give rise to a robust Islamic society. Given an annual growth rate of 2.9 per cent, Iran will have a population of 109 million by 2015. The growing population is undoubtedly a reformist force in the long term.

Religious toleration, one of the characteristics of Iran as a monarchy, came to an end with the Islamic revolution in 1979. While Christians, Jews, and Zoroastrians are recognised in the constitution of 1979 as official minorities, the revolutionary atmosphere in Iran is not conducive to equal treatment of non-Muslims. Among these, Iran's Bahais are the greatest victims of persecution and, unlike the other ethnic minorities, they do not have seats in the *Majlis* reserved for them. Emigration greatly reduced the Jewish population, which had been a significant minority before 1979. Nowadays the country's 30,000 Jews know they have to watch their step. No member of a religious minority can expect to hold a senior government or military position.

The Kurds, dwelling in the western mountains of Iran, have resisted the government's efforts, both before and after the revolution of 1979, to assimilate them into the mainstream of national life. Iran's Arabs live primarily in the Persian Gulf islands and in Khuzestan.

The Arabs' demand for autonomy was among the factors that led to the Iran-Iraq War of the 1980s.

## The Structure of the Regime

Iran became an Islamic Republic, the modern world's only theocracy, after a popular uprising overthrew the regime of the Shah in 1979. The Shia clergy assumed control of the state and adopted a constitution based on Ayatollah Ruhollah Khomeini's theory of Islamic government. The November 1979 constitution laid the foundation for 'rule of the Islamic Jurist', or *velayat-e faqih*, dating back to the Shia idea of waiting for the reappearance of the prophesied 'Hidden Imam'. Shia Muslims believe that Ali, Muhammad's son-in-law, was the rightful successor to the Prophet, followed by 11 other imams. Twelver Shia, the branch of Islam that has been Iran's official religion since 1501, holds that the 12<sup>th</sup> imam, the Mahdi, who disappeared in 873 C.E. and is thought to be not really dead but in hiding, will one day return to 'fill the world with justice'. In fact, Khomeini's theory of Islamic government had little precedent in Shia political thinking. He argued that, instead of waiting for the return of the 'hidden' imam, the leading Shia clerics should assume both judicial and executive authority. They should select one of their own as the supreme leader, whose essential qualifications should be knowledge of Islamic law and justice in its implementation. Ultimate sovereignty lay with God, so opposition to the government was blasphemy.

The system of government is based on *sharia* (Islamic law) as the basis for the country's legal system. Although the power of the *vali-e faqih*, also known as the supreme leader, was only vaguely defined, in practice the constitution invested the supreme leader with the final authority over all aspects of state affairs. Ayatollah Khomeini became the supreme religious and political leader. The posts of president and prime minister became the second and third highest offices.

When Ayatollah Khomeini died in 1989, the constitution was amended. The post of prime minister was abolished and some executive powers were transferred to the presidency, creating an uncomfortable partnership between the elected president and the

supreme leader. Since 1989 the president has appointed the government, though all ministers must be approved by the *Majlis* before taking office. In addition to the parliament, however, the Iranian regime includes other powerful assemblies which have no parallel elsewhere in the Islamic world. Among these unique organisations are the Council of Guardians (*shura-ye negahban*), the Assembly of Experts (*majles-e khobregan*), and the Council for the Discernment of Expediency for the Interest of the System (*majma-e tashkhis-e maslahat-e nezam*), usually referred to as the Expediency Council.

The relationship between the Supreme Leader, the president and the various constitutional assemblies – including the parliament, the Guardian Council, the Assembly of Experts and the Expediency Council – is complex, but understanding the structure of the regime is key to understanding Iran's politics. It may also later help to cast light on the nuclear issue.

### ***The Supreme Leader of the Revolution***

The Supreme Leader of the Revolution is the 'ruling jurist', or *vali-e faqih*, of the Islamic Republic, and his office is by far the most powerful institution in Iran. It was established by the pro-Khomeini Shiite clerics, who dominated the Assembly of Experts at the time of the revolution, and who drafted the new constitution, which was endorsed by a popular referendum in November 1979. Under article 110 of the constitution, the Supreme Leader enjoys primary control over many organs of state and retains the right to appoint key officials such as heads of the judiciary, the broadcast media, the armed forces and various revolutionary bodies. He usually remains above the day-to-day political fray, but he has the power to intervene on any issue, including specific pieces of legislation. On occasion, this is done explicitly, but his influence is more usually exercised behind the scenes. The Supreme Leader has intervened to preserve stability and to contain the power struggle between reformist and conservative factions, but as the schism in the political elite has widened he has increasingly backed the conservatives.

However, while the Supreme Leader still wields extraordinary power as a virtual dictator, the present incumbent of 17 years, Ayatollah Ali Khamenei does not have the same authority as his predecessor

Khomeini. Nobody could challenge Khomeini's leadership between 1979 and 1989. Khamenei, on the other hand, lacks personal clout and does not have the religious credentials to neutralise the rival camps among the mullahs. As a result, he has to work much more actively to maintain a conservative coalition that supports his overarching role in Iranian society.

### ***The President***

The executive branch of the government is headed by the President, the second most powerful official in Iran, but it is important to understand that his responsibilities focus primarily on social and economic issues, not on foreign policy, even though he chairs the National Security Council, an influential 12-member committee that coordinates government activities related to defence, the intelligence services and foreign policy. The President, who is popularly elected for a four-year term, also selects a cabinet (with the approval of the parliament), appoints members of the Expediency Council, and controls the Planning and Budget Organisation, which gives him great sway over economic policy. In addition, the President appoints the head of the Central Bank. The President and his ministers can be removed only through a two-thirds majority no-confidence vote in parliament.

The tension between the Supreme Leader, who controls foreign policy, and the President, who chairs the National Security Council, is clear. The virtual paralysis of Iran's government under President Khatami was a result of the duality of Iran's constitution which embraces both religious and democratic rule. After nearly 25 post-revolutionary years, it had become apparent, if not admitted, that a government cannot be satisfactorily run both by the elected representatives of the people and by the unelected representatives of God. On the eve of last year's presidential elections, however, Khamenei explained the need for balance between the two political branches of the regime: 'we believe that the existence of two factions faithful to the constitution serves the regime,' he said. 'The two factions – the conservatives and reformists – function like two wings [of a bird], enabling it to fly... in a competitive and progressive atmosphere... We will not permit those who do not believe in the

constitution and in the regime to lead ... The middle path and the proper approach are reformist conservatism.<sup>1</sup>

### **The Parliament**

The 1979 constitution created a new *Majlis* – or the Islamic Consultative Assembly – which was Iran's most democratic legislature. The 270 members of its unicameral legislature have been elected every four years since 1980. Elections are held on a multi-member constituency basis, with voters casting as many votes as there are seats in parliament allotted to their constituency. It would be wrong to suggest that the parliament conforms to Western standards in terms of democratic procedure. There is, for example, a question of legitimacy as unelected mullahs have to approve the eligibility of candidates. Once inside the chamber, however, debates are often lively and routinely canvass opposition views in a way that is uncommon for the Middle East.

The importance of the parliament has grown since the death of Ayatollah Khomeini. Its functions now include drafting legislation, ratifying treaties, approving states of emergency, approving loans and the annual budget, and removing the president and ministers from office. The *Majlis* can also summon ministers to account for their behaviour. It can propose bills and enjoys considerable political independence, largely because it cannot be dissolved by the executive. Since 1989, the deputies have become increasingly robust in exercising these functions. However, the limits of their influence became apparent under the sixth *Majlis* (2000-04), as radical legislation passed by the *Majlis* was rejected by the Council of Guardians, or even vetoed by the Supreme Leader. Conservatives attacked the deputies, convicting several for 'defamatory' speeches made in the *Majlis*, despite constitutional guarantees that deputies would not be prosecuted for speeches made in parliament. On the other hand, deputies have occasionally impeached ministers. The Abadgaran-dominated parliament, for example, impeached the transport minister, Ahmed Khorram, in October 2004 and then blocked President Khatami's nominated successor, prompting the

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<sup>1</sup> IRNA, 5 October 2005.

Supreme Leader to take the unusual step of openly intervening by stating that such measures were counter-productive.

### **The Council of Guardians**

The Council of Guardians is made up of six Islamic clerics and six lay jurists. It has become, in effect, an upper house of parliament. The body has the right to vet all legislation passed by the *Majlis*, and to veto any laws that it judges do not comply with Islamic law or Iran's constitution. The vague wording of the constitution affords it considerable discretionary power, which has been used in the past by the conservatives that dominate the body to reject key pieces of reformist legislation. The Council also vets candidates standing for election to national office, and is able to reject without right of appeal those it judges to be unqualified or of unsuitable character. This power allowed conservatives enormous influence in the run-up to the last parliamentary and presidential elections. The 'Committee to Determine the Expediency of the Islamic Order' – otherwise known as the Expediency Council, and made up of jurists from the Council of Guardians and selected government officials – resolves disputes between the Council and the *Majlis*.

### **The Expediency Council**

The Expediency Council was set up by Ayatollah Khomeini in February 1988. Its role is to mediate disputes between the Council of Guardians and the parliament, though it tends to rule on the side of the former. Since 1989, however, it has also advised the Supreme Leader on matters of national policy if the traditional methods of decision-making have resulted in stalemate. In such cases, the 31 members of the Council, who are appointed by the Supreme Leader, are empowered to override both the constitution and *sharia* law in order to protect the interests of the Islamic state. Rafsanjani took over as chairman of the Expediency Council when his second presidential term ended in 1997. The Council has gained in prominence as a result, and Rafsanjani has used the post to ensure that he continues to command influence at the heart of the Islamic Republic. His chairmanship of the Expediency Council makes him effectively 'number two' in the regime.

### **The Assembly of Experts**

The Assembly of Experts is based in the religious city of Qom, in northern Iran, and is made up of 86 clerics who are popularly elected by Iranians to eight-year terms. Its primary task is that of selecting the supreme leader and the members of the Guardian Council. The Assembly can also theoretically dismiss the supreme leader if he fails to meet specific criteria or becomes unable to execute his duties satisfactorily.

### **The Judiciary**

The conservatives' main agent is the judiciary, which uncompromisingly imposes Islam's *sharia* law, and consists of a Supreme Court, a Supreme Judicial Council, and lower courts. The chief justice and the prosecutor general must be Shiite jurists (*mujtahids*). Individual rights – such as freedom of press, assembly and expression – are guaranteed within the framework of the *sharia*. Under the constitution, all Islamic judges rely on the *sharia*. In 1982, any portion of the law codes of the monarchy that in the opinion of the Supreme Court did not conform to Islam were declared null and void. In 1983, the *Majlis* revised the penal code and instituted a system of *qisas* (retribution). Punishments, including amputation of limbs and execution, may be carried out by a member of the injured party's family or by the state.

The *ostanha* (provinces) are subdivided into *shahrestanha* (counties), *bakhsha* (districts), and *dehestanha* (townships). Governors-general (for provinces) and governors (for counties) are appointed by the Minister of the Interior. At each level there is a council, and the Supreme Council of Provinces is formed from representatives of the provincial councils. The Ministry of the Interior appoints each city's mayor, and city councillors are locally elected. Villages are administered by a village master advised by elders.

### **Security forces**

The internal security environment of Iran is shaped by a wide array of revolutionary forces and organisations euphemistically known as foundations (*bonyads*). The *Islamic Revolutionary Guards Corps* is a political army defending the achievements of Ayatollah Khomeini who created the IRGC, in May 1979, as a counterweight to the regular military still dominated by monarchists. Security forces

involved in war or internal armed conflicts are either accompanied by Revolutionary Guards or led by them. It is significant that Ahmadinejad served in the IRGC during the Iran-Iraq war. He too is a throwback to the revolution's early days – as ideological, unpragmatic and anti-American as the Guards themselves. In recent years, however, the number of Guards has dropped to around 120,000 men, according to estimates, from a peak of 300,000 at the time of Ahmadinejad's recruitment. The IRGC is divided into twelve to fifteen divisions deployed in eleven security zones across Iran.

The most powerful paramilitary organisation in Iran after the Revolutionary Guards is the *Basij*, a hardline militia of young fundamentalists who provide physical enforcement for the conservatives. The Basij was established by Khomeini's 1979 decree ordering the creation of an 'Army of 20 Million' to protect the Islamic Republic against both US and domestic enemies. During the Iran-Iraq war, it sent volunteers to the front and suffered heavy casualties. Later, the militia manned checkpoints along the streets of Tehran, searching cars for banned Western music or pictures of uncovered women. Due to its zeal, the Basij is often employed – with special Revolutionary Guards units – to use extreme measures to repress dissent or protest. Parliamentary hardliners established a Basij unit in every Iranian university in the 1990s. After the 1999 clash with students, the Basij aggressively restored 'order' throughout the universities in Tehran. The Basij generally recruits young volunteers between the ages of 11 and 17 from rural areas or poorer districts in larger cities. Most 'Basijis' are ideologically motivated and deeply religious but poorly educated. Estimates vary but up to 200,000 armed men are currently thought to be in the Basij militia.

The *Law Enforcement Force* is a kind of revolutionary police that was set up in 1990 as a result of merging the revolutionary committees, gendarmerie and municipal police. The *Ministry of Intelligence and Security* is the largest intelligence agency in Iran; indeed, with fifteen departments and 30,000 employees, it probably is among the largest in the Middle East. Other branches of the security forces should also be listed here. For example, the *Ministry of 'Construction Jihad'*, or *jihad-e sazanegi*, is a revolutionary body sometimes deployed in emergencies to enforce Islamic order. Unruly mullahs may be disciplined by the *Special Clerical Court*, which was created in 1987.

## Democracy in Iran

The Council of Guardians supervises elections which are held every four years. Suffrage is universal and the minimum voting age is 16. The next parliamentary elections will be in 2008 – and the next presidential elections in 2009. All important matters are subject to referenda.

Prior to 1987, when it was disbanded, the most important political party was the ruling Islamic Republican Party, created in 1978. The Muslim People's Party, which once claimed more than three million members, became inactive after 1981. Several parties – including the Tudeh (Communist) Party, the Mujahedin-e Khalq (Fighters for the People) Party, and the Democratic Party of Iranian Kurdistan – have been outlawed, although the government permits parties demonstrating 'commitment to the Islamic system'. Today's main political party is the conservative Abadgaran-e Iran-e Islami bloc, which holds an outright majority in the *Majlis*. The Second of Khoradad (23 May) coalition, which dominated the 2000-04 *Majlis*, represents reformist interests.

President Khatami introduced a new kind of political outlook, emphasising the rule of law, civil society and a more inclusive view of development. But the liberal reform movement has lately suffered a defeat at the hands of Ahmadinejad and the neo-conservatives. Nevertheless, the only long-term solution to Iran's problems is democracy, but it cannot be dictated, Iraq-style, or it will backfire. It can only be encouraged, through dialogue and open economic activity.

The crux of the argument about Iran's democracy lies in a dialectic that has puzzled Iranian and non-Iranian intellectuals for decades if not centuries. The dialectic is between tradition and modernity, but it can also be recast in terms of Islam and democracy.

There are many examples in Iran's recent history not only of clashes between tradition and modernity, but also of unique ways in which Iranian thinkers have been able to synthesise the two concepts. Many aspects of modernization were imposed on Iran during the Shah's reign, but they seldom acquired deep roots or achieved any

kind of consensus. The aim of the so-called technocrats in modern Iranian politics is to blend modern and traditional responses to Western political philosophy and democracy.

Iran's modern history is often seen as a narrative of betrayal by East and West. Take the allied occupation during the Second World War, for example, or the Soviet invasion of Azerbaijan, or the United States' role in ousting Mossadegh. One of the story's clichés is to portray Iran as being at a crossroads between East and West, though (like most clichés) it is a truthful portrait in some ways, and one that casts light on the efforts of Iranian intellectuals to develop a homegrown philosophy untainted by the opposing ideologies of the Cold War – in keeping with the activities of non-aligned countries of the 1950s. In some quarters this has become known as 'Third Worldism'. It is espoused by thinkers such as Ahmad Fardid, Abdolkarim Soroush and others such as Abbas Milani and, arguably, Aramesh Doustdar. Third Worldism helps to explain Iran's positive attitude towards China and Russia, and its continuing interest in the Chinese as opposed to neo-liberal model of economic and industrial development. A much deeper understanding of Third Worldism is needed to facilitate useful strategies and methods of engagement between the West and Iran.

## Iran's Economy

'This revolution was not about the price of watermelons,' Ayatollah Khomeini once famously declared to a finance minister who had voiced concern about inflation. But high prices and economic decline are the untold story of post-revolutionary Iran. The Iranian economy is plagued by inefficiency, mismanagement, waste and widespread corruption. Efforts to improve it have been hampered by overwhelming dependence on oil revenues – approximately 80 per cent of Iran's foreign income is from crude oil exports. The Iranian economy needs to grow six to seven per cent annually – far higher than the one per cent annual increase experienced between 1997 and 1999 – just to maintain the present unemployment level. The large public sector, dominated by revolutionary foundations and state-run companies, remains a major obstacle to growth. So does inflation – it was 17 per cent last year – and a growing fiscal deficit

The management of Iran's economy is subject to Islamic criteria as determined by the Council of Guardians and approved by the legislature. The constitution of 1979 establishes specific guidelines for the administration of the nation's economic and financial affairs. The ultimate objectives are economic independence, full employment, and a comfortable standard of living. The economy is divided into three sectors: public, which includes major industries, banks, insurance companies, utilities, communications, foreign trade, and mass transportation; cooperative, which includes production and distribution of goods and services; and private, which consists of all activities that supplement the first two sectors.

The nationalisation of private banks and insurance companies and the increased state control of foreign trade have given the government a monopoly of most income-producing activities. As to the rest of the economy, most of the items listed for nationalisation were already under state control at the time that the monarchy was overthrown.

Ahmadinejad would like to isolate Iran from a variety of international economic forces, especially undue reliance on foreign investment and technology. During the election campaign he vowed to shut down the stock exchange, analogising it to gambling (which Islam prohibits). He is inspired by visions of 'splendid isolation' and autarky that are reminiscent of Mao Zedong's view for China. The mullahs are floating high on an ocean of oil revenue: an estimated \$36 billion last year. But the recent increase in oil prices is not a long-term solution to Iran's woes; the economy's flaws run too deep. There is widespread disenchantment among ordinary Iranians, and at the root of it is the Islamic Republic's failure to meet their basic economic needs. According to the government's own estimates, some 900,000 new jobs are needed annually to accommodate the burgeoning young labour force and prevent an increase in unemployment – officially around sixteen per cent, unofficially over twenty per cent. Yet government officials acknowledge that they will be hard pressed to create more than 500,000 new jobs per year.

So what has gone wrong with the economy? Iran's economy grew by 4.8 per cent in real terms in 2004-05, after 5.7 per cent the year before and 3.6 per cent the year before that. GDP per person in

2004 was 20 per cent up on ten years earlier. But for many Iranians, even the young, the real comparison is with the 1970s, when GDP per person was 30 per cent higher than last year. The upheaval of revolution, years of mismanagement, the destructive war with Iraq and Khomeini's population explosion have all contributed to two problems: Iran's dependence on oil and gas despite many efforts to diversify, and the dominance of the state throughout the economy.

Iran has the potential to become a rich country. It has nearly ten per cent of the world's known oil reserves and more gas than any country but Russia. At the end of last year it was producing about 3.4 million barrels a day, slightly more than its OPEC quota of 3.2 million, but well below its claimed capacity of 4.1 million, or the 6 million barrels per day (bpd) it pumped in the mid-1970s. Some oil lies beneath the Caspian Sea, but most is in the west, in Khuzestan province, near the border with Iraq. Yet however big its reserves, Iran is not staking its future on oil. The oil industry no longer accounts for the 30-40 per cent of GDP that it did under the Shah, but it still provides 10-20 per cent and almost half of government revenue as well as the 80 per cent of export earnings. (Iran could get better value from its oil if it wasted less. It uses three times as much energy per person as Malaysia, ten times as much as China and 16 times as much as India.) Iran says it wants to be producing 700 million cubic metres of gas a day by 2007, but at present manages only 300 million. The reason is largely political. Oil and gas production involves foreigners and therefore pits reformers against conservatives, making it rather controversial.

In fact, the mounting tension over the nuclear issue appears to have slowed down Iran's ability to attract foreign investment. The regime has not been able to complete agreements with Western and Asian companies negotiating oil and gas development deals. Tehran announced in early 2006 that it planned to sign agreements with both Shell and Total but neither appears to have been finalised. Talks with a Japanese consortium for the development of the giant Azadegan oilfield also appear to have stalled, with Iran saying that if no accord is reached it will give the job to local companies. These difficulties are in contrast to the statement by the oil minister Kazem Vaziri-Hamaneh in Vienna, on 8 March, that the dispute between Iran and

the international community was not affecting relations with international oil companies.<sup>2</sup>

Iran's five-year economic plans have envisaged a gradual move towards a market-oriented economy, but political and social concerns, as well as external debt problems, hampered progress for much of the 1990s. Faster progress was made under the more ambitious third five-year plan (2000-04). The resolution of Iran's external debt problems improved the policymaking environment, allowing the exchange rate to be unified at the start of 2002. However, the conservative parliament that took office in May 2004 ruled against key reforms in the 2005-09 plan. If Iran's economy continues to stagnate, and general popular dissatisfaction continues to mount, the survival of the current political system itself could be at risk.

## Civil Society and Human Rights

Civil society groups have a long history in Iran, and community organisations have traditionally provided disaster relief, education and health services, and charity. But when we speak of Iran's civil society in relation to political reform and the transition to a modern social order, we are in danger of using empty slogans such as 'grass-roots', 'capacity-building', 'advocacy', 'empowerment' and, increasingly, 'rule of law'. Under this new definition, civil society refers particularly to non-state actors seeking access to political power. Undoubtedly the neo-conservative victories at the polls at the parliamentary elections in 2004 and at the presidential elections in 2005 amounted to a setback for civil society activists. The Islamic revolution did relatively little to change the domination of Iranian society by the state – the legacy of half a century of modernisation under the Pahlavis. Therefore, civil society in the sense of an autonomous sphere of associations whose growth is facilitated by the legal system is something of a misnomer in Iran. It is also difficult from a Western perspective to characterise civil society in a theocratic state framework. While one could make a strong case that Sunni, Zoroastrian, Christian, Jewish and Bahai communities are

<sup>2</sup> See *Energy Economist*, Issue 294, April 2006.

part of civil society, Shia religious associations might fit more comfortably into the label 'state actors'.

So what is the map of civil society in Iran? At President Khatami's urging a number of new groups began to participate in economic and social development. In November 2003, for example, a draft law for the legal status of NGOs was finalised and helped to create a new type of discourse that was unusually pluralistic. This diversity ranges from students, intellectuals and women's organisations to regional interest groups.<sup>3</sup>

There have been some positive developments and setbacks in terms of women's rights. Gender discrimination is not as pervasive as it is in other countries in the region such as Saudi Arabia. Iranian women are legally allowed to vote, work and drive. They make up the majority of university students and have been elected numerous times as *Majlis* deputies (although the Council of Guardians has excluded all female candidates from standing for President). A fatwa by Grand Ayatollah Saanei declared equal rights for women,<sup>4</sup> permitted abortion in certain circumstances and raised the age of puberty for girls. There are many prominent female role models in Iran, both in the arts, politics and elsewhere, including Shirin Ebadi, the human rights lawyer who won the Nobel Peace Prize in 2003, and Massoumeh Ebtekar who became the first female Vice President in 1997. The *Majlis* passed a law giving women greater (though not equal) divorce rights, but married women still need their husband's permission to get a passport and travel overseas, and the number of women in the labour market remains low. The 'blood money' payable for the death of a woman is still half that of a man, and a woman's testimony in court is also worth half that of a man's. Segregation remains in many public spaces, and the Law Enforcement Force has stepped up its enforcement of the dress code (ridding the society of 'bad hejab') in recent months.

<sup>3</sup> H. E. Chehabi, 'Iranian Politics and Religious Modernism: The Liberation Movement of Iran under the Shah and Khomeini', Ithaca, 1990, pp. 50–100.

<sup>4</sup> This equality included employment, and it was said that women could become members of the Assembly of Experts and Grand Ayatollahs, provided they pass religious tests. However, in practice all women have failed these religious tests.

The abuse of human rights in Iran remains a major concern for the international community. Abuses include, but are not limited to, summary justice, arbitrary arrest and detention, cruel and unusual punishments, the execution of minors, repression of religious and ethnic minorities, and limits to personal freedoms and freedoms of civil society and the press. In terms of punishment measures, Iranian officials claim a moratorium is in place on lashings and executions for crimes committed by children, but it remains to be seen whether this temporary ban will be fully enforced and enshrined in legislation. A similar announcement was made in 2002 that stoning had been suspended, and the following year saw a moratorium on amputations. However, it is unclear how widely these moratoria have been enforced. There are reports of punishments continuing. The UN Committee on the Rights of the Child has expressed its grave concern. A 16-year-old girl, Atefeh Rajabi, was reportedly hanged in public in August 2004 for 'acts incompatible with chastity'. Since 2002 the EU and Iran have maintained a human rights dialogue, most recently meeting in June 2004. An evaluation by the EU Presidency in October 2004 concluded that there had been little overall progress in human rights since the start of the dialogue. The EU recommended ways in which the dialogue process could become more effective and is encouraging Iran to renew its commitment to the dialogue and to agree improvements to the process.

Opposition groups exist in a hinterland between government and civil society, and many of them criticise the government on religious grounds while advocating non-violent change. One of the government's main tactics is to dismiss these opposition groups as agents of foreigners. A peaceful protest to mark International Women's Day was violently broken up by the authorities and the many arrests were justified in terms of an international conspiracy. A number of trade union activists were arrested in Saqez, in May 2004, while trying to celebrate Labour Day. The activists had earlier contacted representatives of the International Confederation of Free Trade Unions. The student protests of 1999 were the most visible example of popular opposition to the regime. The sheer number of students in Iran and their high literacy rate make them a powerful non-state force, arguably even more so than in 1979. As well as a response to the attacks on Tehran University by Ansar-e-Hizbollah, the students protested for greater political freedoms, transparency

and accountability. Many of the protestors shouted 'death to dictators' during their marches. They also demanded greater accountability for opaque state institutions such as the Assembly of Experts, an end to house arrests, freedom for political prisoners, the repeal of repressive press legislation and investigations into the activities of the security services against opponents of the government.<sup>5</sup> While Khamanei condemned the raid on the university, he also dismissed the student protestors by saying, in 2000, that Western powers were plotting to bring down the Islamic government in the same way the Soviet system was brought down.<sup>6</sup> Thousands of students were arrested, and a number were killed or injured, or simply disappeared. Ahmad Batebi, (whose face appeared in newspapers and magazines around the world, including on the front cover of *The Economist*) is serving a ten-year sentence and has, according to Amnesty International, been subjected to severe beatings and torture, including forced inhalation of excrement, practices which have seriously affected his eyesight and health.<sup>7</sup>

Ethnicity and religion remain the major ties that bind groups in the civil society framework. There are a large number of non-Persian minorities who between them make up just under half of Iran's population (see Figure 1). Communal violence in Baluchestan, Khuzestan and Kordestan, and among Kurdish, Ahwazi Arab and Turkmen communities, has flared up recently, with a number of repressive laws, closures of newspapers, retaliatory protests, incursions by security forces and bomb attacks. While the US belief that it can destabilise and bring down the government of Ahmadinejad<sup>8</sup> through ethnic strife seems far-fetched in the short term, conservatives in Iran have sought to blame the British and Americans, or groups 'affiliated to the American gangs in Afghanistan' for the violence.<sup>9</sup> Many minorities feel that the Persian language, dress codes and customs are being imposed upon them. Religious homogeneity but ethnic heterogeneity is a simplification of

<sup>5</sup> A full account can be found in Robin Wright, 'The Last Great Revolution: Turmoil and Transformation in Iran', 2001.

<sup>6</sup> Middle East International, 14 July 2000, pp.18-19.

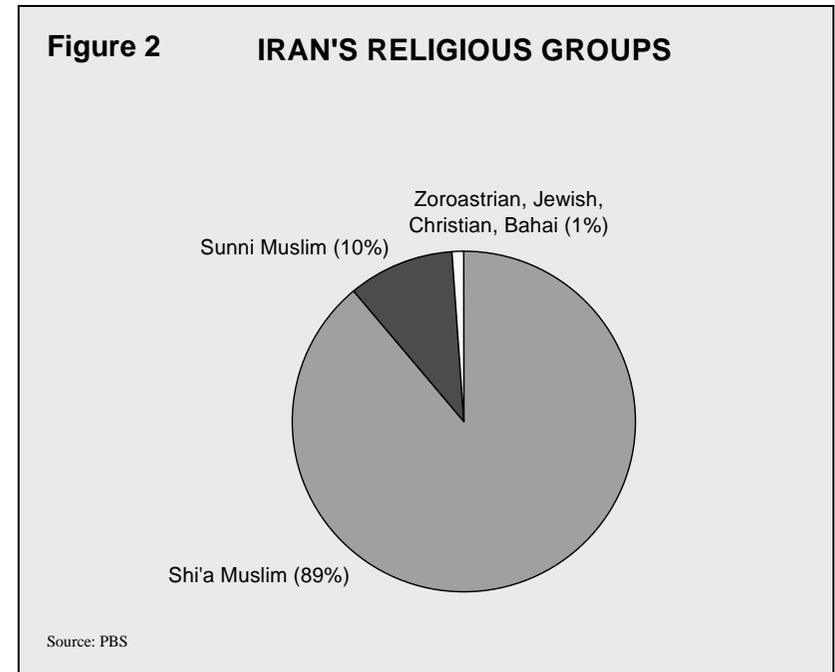
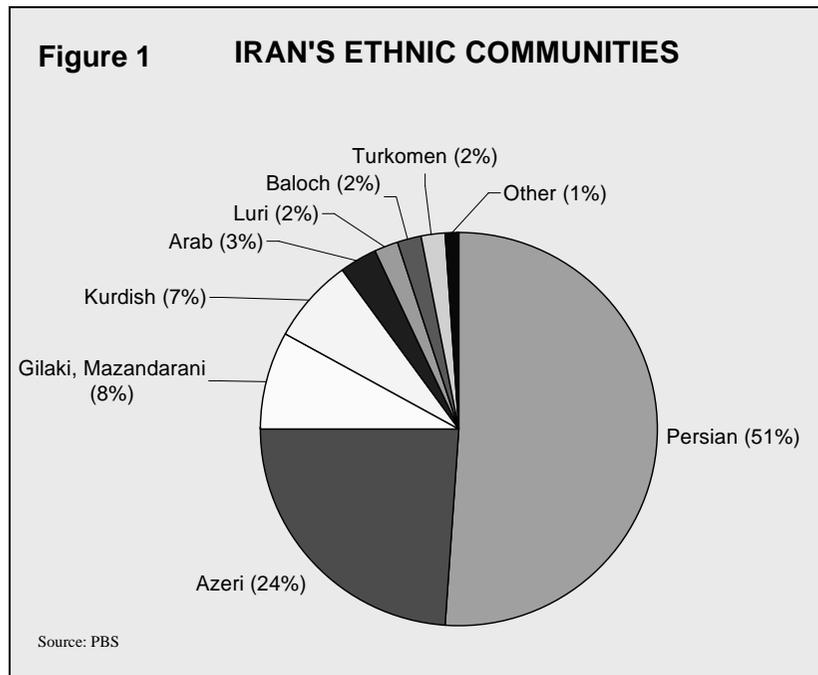
<sup>7</sup> 'Iran: The Case of Ahmad Batebi', Amnesty International, [http://web.amnesty.org/web/content.nsf/pages/gbr\\_iran](http://web.amnesty.org/web/content.nsf/pages/gbr_iran).

<sup>8</sup> The US National Security Strategy (updated March 2006) again backed the Iranian people against their oppressors.

<sup>9</sup> Sadollah Zarei, *Keyhan Daily*, 18 March 2006.

the diverse and inter-related communities that exist, but in a theocratic state with an 89 per cent Shia majority (see Figure 2), this model is illuminating. The political hegemony of Shia Islam is rigorously defended, with conversion from Islam to another religion punishable by death. Despite some positive measures, such as the law to bring the 'blood money' paid to Christians, Jews and Zoroastrians into line with amounts paid to Muslims, most minorities, especially the Bahai (whose holy site at Babol was destroyed) are systematically excluded, prevented from practising their faith, intimidated, monitored and repressed.

The high-tech nature of civil society in Iran is also worth considering. Iran has an estimated three to seven million Internet users, the most in the Middle East. Some 65,000 Iranians post blogs, many of them evading government filters by jumping between servers. These 'children of the revolution', often struggling to enter university or find jobs, present a challenge to the regime. They are the best hope for civil society in Iran.



## Media

Iran's constitution seeks to uphold the freedom of the press 'except when it is detrimental to the fundamental principles of Islam or the rights of the public'.<sup>10</sup> Under the Islamic Republic, all published materials must be in accordance with the principles of Islam, and therefore any publication can be refused a licence on the basis of being anti-Islamic. It does not follow, however, that criticisms of the government cannot be made by the press. In practice, there are a wide number of newspapers, many of which have criticised the government, its institutions and personalities. A recent, but by no means isolated example of disapproval was in the reformist daily, *Aftab-e Yazd*, on 16 February 2006: 'The government should be held to account because the effect of actions or statements is not limited

<sup>10</sup> Article 24, Iranian Constitution.

to the time in which they are done or said, but can cause problems for our country in later years.'

In theory, the press enjoys wider constitutional protection than it did under the Shah's regime, when censors sat in editor's offices and TV and radio stations. For a brief time after the revolution, freedom of expression thrived. However, a series of press laws curbed freedom of the media, with the first in 1985 being passed during the Iran-Iraq war, as a result of a siege mentality engendered by the conflict. It was taken through the *Majlis* by Khatami, who was then Minister of Culture and Islamic Guidance. In 1999, the law was amended to empower the Press Court to overrule jury verdicts, conduct summary trials and refer cases to the Revolutionary Courts. It required newspapers to submit lists of their journalists to the judiciary, and required journalists to reveal their sources. In April 2000, the laws were further extended to outlaw criticism of the Supreme Leader or the constitution and to transfer responsibility for violations of the constitution from journalists to the managing director of the publication.

There have been numerous closures of newspapers and magazines and websites, and many reports of intimidation of journalists. Since 1997, over 100 publications have been shut down by the conservative-dominated judiciary, and hundreds of journalists have been arrested, detained or given prison sentences. In May 2003, seven journalists were jailed for up to thirteen years under the instructions of the Tehran Revolutionary Court for seeking to promote 'a conspiracy against the Islamic regime'. In September 2004, at least 25 journalists were arrested and, according to Human Rights Watch, forced to sign confessions saying they had taken part in an 'evil project' directed by 'foreigners and counter-revolutionaries'. The imprisonment, release, and subsequent re-imprisonment of the journalist and activist Akbar Ganji have been well documented. Masoud Bastani, the editor of *Nedai Eslahat* (a daily newspaper shut down in 2003) was arrested while covering a demonstration in support of Ganji. He was convicted of libel and was sentenced to six months in prison, 70 lashes and a five-year ban on practising journalism. According to Reporters sans Frontières, at least ten journalists were summoned for questioning, in late 2005, ordered not to criticise the new government of Ahmadinejad, and told

not to write articles on sensitive issues such as Iran's nuclear programme.

Unsurprisingly, given the risks facing journalists, there are reports of self-censorship. Nevertheless Iran's print media is, like much of its civil society, robust and lively. Within the Islamic framework, there is a mixture of reformist, conservative and centrist publications, with sports papers being the most popular. Circulation figures are hard to assess, but *Keyhan* (The Universe) is seen as the most important conservative daily, along with *Resalat* (Mission or Prophecy) and *Jomhuri-ye Eslami* (The Islamic Republic) which is owned by Khamenei. *Iran* is the official publication of the IRNA, the government news agency and *Jaam-e-Jam* (cup of Jamshid, from Persian mythology),<sup>11</sup> with a readership of 460,000, is the paper of the IRIB. Major reformist publications include *Etemad* (Faith), *Sharq* (East), *Aftab e Yazd* (Sun of Yazd)<sup>12</sup> and *Iran News*. The main centrist paper is *Ettela'at* (Information) and some of the most widely disseminated English language sources are the *Iran Daily* (reformist) and the *Tehran Times* (conservative). Editors and publishers are not idle in the face of government pressure. When newspapers are closed down they often reappear under a different guise. One of Iran's first reformist newspapers, *Jameah* (Society) started printing in 1998. It was closed five months later, but immediately resurfaced as *Aftab-e Emrooz* (Today's Sun). A second closure led to its new reincarnation as *Toos* (a city in Northern Iran). Often these papers expect to be closed by the authorities, and plan for such eventualities. The newspaper *Norooz* (New Day) applied for a new publishing licence under the name *Roos-e No* (New Day) even before it had been shut down.

Newspaper closures, intimidation and legal restrictions are not implemented in a vacuum with regards to other political events. After Khatami came to power in 1997, some of the publishing regulations were relaxed, and several reform newspapers began printing. The Press Law amendment in 1999 was in part a response to the doubling of the number of overall publications to 1,200, of which the

<sup>11</sup> The seven ringed cup of Jamshid, the Jaam-e-Jam, allowed Jamshid, according to Persian legend, to view the whole of the universe, and gave him immortality – in other words, it is a precursor to the legend of the Holy Grail.

<sup>12</sup> Yazd is Khatami's home town.

majority of new outlets were pro-reform. In advance of the February 2000 *Majlis* elections, the editors of nine reformist newspapers made a list of their favourite 30 candidates from Tehran (the capital's quota in the parliament) which they published. Almost all the candidates who got into parliament from Tehran were on the joint list of the reformist press. Rafsanjani, who aspired to be the speaker of the Parliament, received only enough votes to rank 32<sup>nd</sup> of the candidates who ran – not enough to be elected. The Council of Guardians, which supervises the elections, accused Khatami's interior minister of vote-rigging, and reshuffled the votes to give Rafsanjani enough to rank number 20 on the list. The reformists' capture of the *Majlis* in 2000 boosted their supporters in the press. Buoyed by the first round results, the pro-reform press printed many articles alleging corruption and political violence by the government, including an alleged plot to murder Saeed Hajjarian. Hajjarian, a former minister of intelligence who had worked for Khatami, had written articles in *Sobh-e Emruz* exposing the Intelligence Ministry's involvement in political killings. On April 2000, Khamenei addressed a crowd of 100,000 in Tehran's Grand Mosque. He said: 'there are ten to fifteen newspapers which undermine Islamic principles, insult state bodies and create social discord...Unfortunately, some of the newspapers have become the bases of the enemy. They are performing the same task as the BBC Radio and the Voice of America, as well as the British, American and Zionist television broadcasts.' The crowd responded with chants of 'death to mercenary writers' and 'shame on you hypocrites, leave the press'.<sup>13</sup>

Radio and television stations are controlled directly by the government through the IRIB, but the authorities also reportedly jam broadcasts by dissident overseas satellite stations. In December 2005, the National Security Council declared the Dubai based satellite station SABA TV illegal, and has repeatedly tried to block its launch in Iran. The station was set up by Hojatoleslam Mehdi Karoubi, a reformist and former speaker of the *Majlis*. Satellite dishes have been banned since 1995, in an attempt to prevent access to foreign broadcasters such as CNN, MTV, BBC and Voice of America. In practice, this is not enforced stringently or universally, and as many as one in two houses in North Tehran may have a

<sup>13</sup> Dilip Hiro, *Iran Today*, Politico's, 2006.

satellite dish on their roof.<sup>14</sup> The vigorous but civilised debates that occur in the *Majlis* are reported live and unedited on the IRIB radio service, although the sit-in protest by a number of *Majlis* deputies, in January 2004, opposed to the Council of Guardians' decision to bar 83 deputies from standing for re-election was not reported.

Many websites and web logs (blogs) critical of the government have been shut down, and the regime has arrested and imprisoned online journalists, internet technicians and bloggers. Arash Sigarchi was sentenced to 14 years in prison on charges of espionage, shortly after contacting Western media outlets. Student blogger Mojtaba Saminejad has spent more than one year in prison in Tehran. There are claims by bloggers of beatings, solitary confinement and torture in Iranian jails. A presidential commission was set up to investigate, and a former vice-president of Iran said their testimonies had 'made committee members weep'.<sup>15</sup> Since 2003, all internet service providers have been forced to block access to sites that are critical of Iran's political or religious leaders. This was further extended, in 2004, when hundreds of additional websites were blocked. However, Iranian internet censorship is not homogenous and varies according to ISPs, of which Iran has several hundred. In practice this means that a website may be accessible in one city and blocked in another. Ironically, it was a US company, Secure Computing,<sup>16</sup> which developed the technology that is used to filter sites. It is not just foreign websites, such as the BBC Farsi language site, that are banned. News sites apparently with government credentials also fall foul of the censorship. In October 2005, the news website Baztab.com was banned even though it is owned by the former Revolutionary Guards commander Mohssen Rezai. Some closures point to struggles between conservative factions, further illustrated by the banning of Entekhab.ir, which had published an article suggesting that Ahmadinejad was promoting his mentor Ayatollah

<sup>14</sup> According to Shirzad Bozroughmehr, the editor of *Iran News*, quoted in Hiro, *ibid*.

<sup>15</sup> FCO Human Rights Report, 2005.

<sup>16</sup> Iran has reportedly been using the commercial filtering package 'SmartFilter' made by the US-based company, Secure Computing to block both foreign and Iranian websites. Secure Computing says it is aware of such reports, but claims that it has sold no licenses to any entity in Iran, and any use of Secure's software by an ISP in Iran has been without Secure Computing's consent and is in violation of Secure Computing's End User License Agreement.

Mesbah-e Yazdi as a successor to Khamenei. Despite this, it is logistically impossible to prevent internet-based dissent, and many commentators argue that whenever the government acts to shut down a website or blog, two others appear the very next day to replace it.

## Opposition

The spectrum of political opinion in Iran is hard to describe. 'Neo-conservatives' is a term borrowed from abroad, while even 'reformists' is imperfect, since it describes individuals with widely divergent agendas and points of view – a heterogeneity that has undermined their effectiveness. Broad agreement on the necessity of 'reform' does not necessarily translate into the same political priorities or worldview.

The absence of a united political opposition movement with concrete proposals and broad support proved fatal to the loose coalition of modernist right-wingers and Islamic left-wingers who supported former President Khatami. Opposition voices do exist within Iran. They include intellectual and clerical dissidents such as Grand Ayatollah Montazeri and Mohsen Kadivar, but they operate under threat of intimidation and largely without access to the media. In parliament, a group of 'modernist-right' technocrats has coalesced around Rafsanjani and his brother Mohammad, but again they lack a coherent programme.

The Islamic Left, on the other hand, is divided into three main groups – the Combatant Clerics Society, the Organisation of Mujahideen of the Islamic Revolution and the Islamic Participation Front of Iran. This last group, often referred to as the 'modern left', was set up in 1998 as a broad alliance of clerics, religious laypersons, Islamic-oriented workers and women activists who supported Khatami. Under the leadership of the former President's younger brother, Mohammad-Reza Khatami, the Islamic Participation Front has evolved into the organisational backbone of the reform movement but its credibility was dented by the reformists' poor showing in the parliamentary elections of 2004, and by the victory of Ahmadinejad in last year's presidential poll.

Other domestic opposition groups may not receive the international attention routinely given to the disorganised exile groups, but they undoubtedly play a more important role in Iran's politics. Outside the mainstream, non-clerical Islamic dissidents such as the Iranian Freedom Movement and the *Kiyan*-school of intellectual reformers under the leadership of Dr Abdolkarim Soroush advocate more fundamental changes than the modern Islamic Left. Soroush, for example, is a philosopher who supported Khomeini during the Cultural Revolution but has since opposed the use of religion as a state ideology, arguing that Islam and democracy are not only complementary but mutually interdependent.

US policymakers keen to foment regime change in Iran have toyed with the Chalabi model – is there a politician in exile who could supposedly organise and unify the opposition? A few candidates would be: Reza Pahlavi, the son of the last shah; Hussain Khomeini, the grandson of Ayatollah Khomeini; and Mohsen Sazegara, one of the founders of Iran's Revolutionary Guard Corps.

Outside Iran, a handful of groups and individuals have sought to emerge as centres of opposition. Few have any genuine support on the Iranian Street. The Mujahideen-e-Khalq (People's Mujahideen), or MEK, the armed opposition based in Iraq, enjoyed the Baathist regime's support but lost any following it may have had in Iran when it fought on Iraq's behalf during the 1980-1988 war. It has been further weakened by Saddam Hussein's fall and now depends almost entirely on the goodwill of the United States, which placed it on its list of foreign terrorist organisations and, at most, seems prepared to use it as a source of intelligence and leverage in its dealings with Iran.

The newly formed Southern Azerbaijan National Awakeness Movement (SANAM) likewise enjoys little support or legitimacy in Iran, due to its separatist agenda. Confirmed reports that US government officials have quietly been meeting with the head of SANAM, Ali Chehregani, a secessionist activist from Iranian Azerbaijan, who lives in exile in Washington, were received with dismay among Iran's intellectual and political elite, including many Iranian-Azeris.

The opposition figure generating the most curiosity in Iran at this time appears to be 42-year-old Reza Pahlavi, the late Shah's eldest son and a resident of suburban Washington, DC. In the wake of the 11 September 2001 attacks, Pahlavi began appearing regularly on the Los Angeles-based Persian language satellite television, articulating his vision of a democratic and secular Iran and saying he would like to serve as a 'catalyst' for change. Some US hawks have even begun to look to Pahlavi and the exiled opposition as a possible vehicle for mass uprising in Iran. But the combination of popular disenchantment with things political and the regime's willingness to resort to force to subdue protest makes it difficult to imagine a successful form of mass politics in the short term.

## Political Change in Iran

The victory of Ahmadinejad in Iran's 2005 presidential run-off election against former President Rafsanjani shocked many Iranians as well as outsiders. Ahmadinejad, a blacksmith's son, former militia member, and arch-conservative, had stressed his humble background and simple lifestyle during a populist campaign that focussed on everyday economic issues, and promised to purge government corruption. The reform candidates had emphasised human rights, democracy and social liberalisation, but failed to address economic concerns.<sup>17</sup>

Ahmadinejad won the election with seventeen million votes; Rafsanjani received ten million. Some twenty million Iranians did not vote. (Thirty million Iranians did not vote for Ahmadinejad, in other words.)

Overall, the election showed that the tendencies of the Iranian electorate have not changed. Conservatives have the support of no more than 35 per cent of the population, including a core conservative bloc of 15 per cent or so. The majority still supports reform in general: perhaps 45-50 per cent voted for changing the

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<sup>17</sup> The differences in the styles of the campaign were marked as well. Ahmadinejad toured the country in a small, rickety bus visiting the mosques and, in campaign adverts, used simple black-and-white photocopied leaflets and pictures of his modest home as a way of targeting the poor. The reformists, on the other hand, used flashy, Western-style colour posters more geared to the middle classes.

status quo in some way, while another 15 per cent boycotted the election.

But Ahmadinejad's victory tightened the neo-conservative grip on the levers of power in Iran, and represented the culmination of an anti-reform backlash that had begun with Khatami's election in 1997. More significant changes took place in the personnel of the Iranian government, reflecting the new President's opposition to elite domination. Meanwhile, extensive changes at the sub-ministerial level shook up Iran's establishment, and suggested that Ahmadinejad's presidency would reinforce the rise of a new class of neo-conservative technocrats, committed to the Islamic Revolution yet comfortable with the requirements of running a modern state.

Almost nine months after the election, the political situation remains in flux, and therefore it is wrong to perceive a clear-cut position *vis-à-vis* the West inside Iran, represented by Ahmadinejad. In fact, he is seen by a lot of the 'old guard' as very dangerous, and the regime is divided.

There is a power struggle in the upper echelons of its regime. The reformist camp have largely disappeared from the Iranian political scene, and the regime's centre of gravity has shifted to the fundamentalist militaristic conservative group, which centres on clerics such as Ayatollah Mesbah-e Yazdi, and on members of the security establishment, particularly the Revolutionary Guards, the Basij, and the intelligence apparatuses. Today, this group controls the parliament and the office of the President, while the reform movement retains the support of the educated middle class. The fundamental splits in Iranian politics and society – between state and society, between elites and masses, and among generations – also have not changed. The stand-off between conservatives and reformers continues to dominate Iranian politics.

The overweening power of Iran's Supreme Leader, Ayatollah Ali Khamenei, who controls the country's security forces and judiciary, and can effectively overrule the decisions of elected officials, is not quite what it seems. Before becoming Supreme Leader in 1989, Khamenei was President for two terms, from 1981-1989. Following President Mohammad Rajaei's assassination in 1981, Khamenei

was elected President with 95 per cent of the vote. From 1981 to 1985, he also served as head of the Supreme Defence Council and the Supreme Cultural Revolution Council. His political agenda as Supreme Leader is still identified with the Islamic revolution. Thus, while he may have allowed some liberalisation of the economy, he remains firmly opposed to the existence of the Israeli state. His foreign policy includes a view of globally mobilised Islam and sees threats to Iran arising from three sources: a rapacious and unprincipled United States; Israel fighting against the legitimate rights of the Palestinians; and opposition by the 'imperialist powers' to the resurgence of Islam. In this context, he has lent Iran's support to terrorist acts while personally supervising Iran's tactics in negotiations with the International Atomic Energy Agency (IAEA) and the EU3 (Britain, France and Germany), and cultivating stronger diplomatic relations with China, Russia, India and Japan.

Some reports point to upheaval among the group of fundamentalist conservatives who have supported Khamenei. The fall-out could have unpredictable consequences and even lead to the ousting of Khamenei if the Revolutionary Guards and the Basij succeed in 'militarising' the Iranian government under Ahmadinejad. Another arena in which Khamenei is likely to find himself threatened in the future is the Assembly of Experts – the only body authorised by the Iranian constitution to depose him. In spite of his lack of the jurisprudential qualifications required by Khomeini's doctrine of 'the Rule of the Jurist' (*velayat-e faqih*), Khamenei is in power thanks to the support of the Assembly, which comprises ayatollahs loyal to the Islamic Revolution. So far, the council has supported all of Khamenei's decisions. But, as a result of the 2004 elections, a greater number of deputies prefer the fundamentalist militaristic faction led by Mesbah-e Yazdi. Therefore the Assembly's support for Khamenei may be undermined.<sup>18</sup>

<sup>18</sup> To understand the controversy surrounding Khamenei's status, some background is necessary. The lowest theological rank that students at religious centres can obtain after long years of study is *Hojjatoleslam* (literally, 'proof of Islam'). Above this is Ayatollah, or 'sign of God'. Only very few achieve the rank of Grand Ayatollah, a synonym for 'Source of Emulation'. For millions of believers, Grand Ayatollah Khomeini was their 'Source of Emulation', and his religious instructions were viewed as authoritative. But Khomeini was not the only Grand Ayatollah. Since the early 1960s, there have been a half dozen other Grand Ayatollahs who also serve as 'Sources of Emulation'. In 1997, one of them, Grand Ayatollah Montazeri, a former

Ahmadinejad is clearly a pro-regime figure, even though he casts himself as a neo-conservative populist and mobilised support during the 2005 election by attacking the dominance of Iran's socioeconomic elite.

Compared with Rafsanji – who had become notorious, during his presidency, for his wealth and corruption – Ahmadinejad appeared to be a humble outsider. He managed to appeal not only to militants and conservatives, or even just to the legions of frustrated poor; he also captured some of the protest vote, from people who saw Rafsanjani as the embodiment of the status quo. Ahmadinejad's win in Iran's presidential elections signalled the coming of the 'Second Islamic Revolution'.

The 1979 revolution was both a reactionary and a progressive movement, combining a belief in independence, liberty and an Islamic Republic with criticisms of the Shah as a 'lackey of imperialism'. The anti-Shah protests were often cast as a re-enactment of the historic battle between Hussain (grandson of the prophet Muhammad) and his opponent Yazid in the month of Muharram in 680 C.E. in the desert of Karbala in Iraq.

Ahmadinejad deliberately echoed this struggle during an interview with Iranian radio on 9 February 2006:

The secret behind Islam's survival, freedom and honour so far, is the same culture of Ashura...The entire Iranian nation, young and old, are full of Hussain's fervour today. And our enemies are not very much different from Yazid and his ilk. Their destiny definitely will be death and annihilation. And we can see that the signs of their annihilation have appeared.

There is a clear historical parallel with the use of populism in the 1979 revolution. While Ahmadinejad's win was primarily about domestic political and economic issues, he appealed to the poor not just in areas such as Southern Tehran, but in rural communities and

protégé of Khomeini, criticized Khamenei's rule, calling the Supreme Leader incompetent. Khamenei immediately placed the cleric under house arrest for five years.

in areas with strong Islamic bases such as Qom. His humble campaign gave Ahmadinejad a charismatic modesty not unlike Khomeini's, and was a way of portraying reformists such as Mostafa Moin and Rafsanjani as corrupt and out of touch from eight years in power. Ahmadinejad never directly compared the reformists to the Shah, but this was implicit. A campaign that focussed on delivering economic justice for the poor with a combination of moral puritanism on issues such as prostitution and drug use provided the necessary appeal to the mix of tradition and aspiration that had inspired the Islamic revolution.

The key element of Ahmadinejad's rise to power was his critique of ruling interests in Iran. During the campaign, Ahmadinejad promised to challenge the economic elite and root out corruption. His populist stance prompted many Iranians who had not voted in the first round to turn out to vote for him in the second.

Ahmadinejad's outsider image is not entirely false, despite his close links to the revolutionary regime. He and his supporters feel marginalised by trends over the past decade, especially Western-style political reform, economic and cultural liberalisation, and the rise of Westernised technocrats into positions of authority. Hardliners often refer to themselves as 'fundamentalists' – which, in Persian, can also mean 'people of principle'. In this sense, Ahmadinejad is a true believer: honest, pious, and deeply committed to the Islamic Republic. His vocal attack on corruption (and on Rafsanjani's 'oil mafia') succeeded in mobilising three key constituencies of voters: the rural masses, the urban poor, and religious conservatives.

Yet Ahmadinejad's image as a conservative hardliner needs to be qualified. He does not place much importance on political freedoms; for him, the main issues are economic freedom and opportunity. His campaign against corruption is likely to run into opposition from powerful regime interests, unless he is able to enlist the support of Khamenei himself. As for the economy, the new President has not articulated a clear programme but his critique of the existing order points to certain policies: lower interest rates on bank loans to small borrowers, higher salaries for teachers and civil servants, greater access to the stock market for the 'little man' and more generous state assistance for newlyweds and the poor. It also points to a shift

towards economic statism, redistributive justice, and social spending. Meanwhile, there have been reports of Ahmadinejad's intention to implement extensive land reforms, to give Iran's poor citizens shares in government companies, and to replace the boards of directors of seven government banks. In the long term, Ahmadinejad's approach offers no structural solutions to Iran's real economic problems and is unlikely to stave off an eventual crisis – but in the meantime, it may be possible for him to allay popular unrest and buy more time for the regime.

It is also important to remember, however, that Ahmadinejad is an outsider when it comes to foreign policy. He has little direct knowledge of the rest of the world. His only previous visit to the West was in 1989 when he spent a week in Vienna as part of an official team from Tehran negotiating with Kurdish dissidents in exile. According to some reports, the incident led to a shooting in which three Kurdish leaders were killed. Ahmadinejad, apparently unaware of the plot, was injured. Other sources suggest that Ahmadinejad may have been sent to assassinate the Kurds.

More importantly, Ahmadinejad's lack of experience in international affairs is compounded by the fact that the Islamic Republic's foreign policy establishment is, still, despite the replacement of Rowhani by Ali Larijani,<sup>19</sup> filled with members or at least sympathisers of the Rafsanjani-Khatami faction who feel alienated by Ahmadinejad's messianic belief in 'Islamic justice' and the reappearance of the Hidden Imam.

Khamenei responded to the neo-conservative victory at the polls by entrenching the position of Expediency Council chairman, Rafsanjani, the loser in the election, and thereby officially endorsing Rafsanjani's status as Number Two in the Iranian leadership. At this point, Rafsanjani oversees the three branches of Iran's regime; hierarchically, he is above President Ahmadinejad, *Majlis* Speaker Gholam-Ali Hadad-Adel, and Judiciary System head Ayatollah Mahmoud Hashemi Shahroudi (the only one above Rafsanjani is, of course, Khamenei himself, the Supreme Leader and head of the state). It was significant, for example, that Rafsanjani upstaged his

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<sup>19</sup> As Iran's Chief Nuclear Negotiator at the IAEA

rival Ahmadinejad, on 11 April, by revealing Iran's nuclear enrichment 'breakthrough' ahead of the president's televised speech.

One of Rafsanjani's first steps when the Expediency Council received its extended powers was to bring the outgoing President of Iran, Mohammad Khatami – identified with the reform-seekers – back to the political arena, and to appoint him senior advisor to the council. These changes will not necessarily show effect in the short term, however. There is consensus over many of the foreign policy priorities of the government – on Iran's right to civil nuclear power, Iran's regional interests, its attitude to the United States and Europe, and its policies and actions in relation to Iraq. Major political change seems more likely in the medium or long term.

## Foreign Policy

Iran has a growing sense of strategic encirclement (by Turkey, Afghanistan, Iraq and, common to all these, the United States) and of nuclear disadvantage (*vis-à-vis* Israel, India and Pakistan). It continues to back Islamist groups in the region that use violence, including terrorism, to support their political agendas, including Hezbollah in Lebanon and Islamic Jihad and Hamas in the West Bank and Gaza. The leaders of the regime, both moderate and fundamentalist, are in consensus with regard to the illegitimacy of Israel's existence as well as with regard to the ultimate goal – the establishment of a Muslim Palestinian state in its stead – but they are divided as to how Iran should present its policy in this regard.

The fundamentalist militaristic faction, for which Ahmadinejad speaks, does not hesitate to state bluntly Iran's official policy regarding Israel. Since coming to power, it has interpreted this policy actively and belligerently. It publicly calls for Islam to annihilate Israel, in the context of a broader worldview that reflects the all-out historic, existential, moral, and cultural struggle between Islam and the West.

Certainly Ahmadinejad acted with apparent confidence in the first months of his presidency, banning foreign movies, purging the diplomatic corps of moderates, and adopting a belligerent tone on foreign-policy matters. In a speech to the United Nations, in

September 2005, he signalled that Iran would not abandon its quest for nuclear technology, and in October, at a Tehran conference called 'A World Without Zionism', he declared that Israel should be 'wiped off the map'. In a television broadcast at the end of the year, Ahmadinejad referred to the Nazi Holocaust as a 'myth' and reiterated a call for Israel to be relocated to Europe as a way of vindicating the territorial rights of the Palestinian people.

The pragmatists and reformers at the Iranian Foreign Ministry are less enthusiastic about Iran's explicit call for the destruction of another sovereign state, aware as they are of possible damage to Iran in the international arena. They argue that Israel will be eliminated in a different way: at the hands of the Palestinians and by means of the 'democracy' favoured by the West, if only the right to vote is restricted to the original inhabitants of Palestine – Muslims, Christians, and Jews – and their descendants. Significantly, Khamenei has recently come out in favour of continuing the struggle against Israel along these lines.

Ahmadinejad has been comparatively quiet about Iraq, but Iran's Revolutionary Guard, to which he remains particularly close, is suspected of supporting Shiite Islamists there. With the US Army vastly overextended in Iraq and Iran's friends in power – the Supreme Council for the Islamic Revolution in Iraq (SCIRI), the largest political party in Iraq, was founded in Tehran 1982 – the Iranians apparently feel confident that the United States will take no action to stop them if they try to make a nuclear weapon. This is only one little-noticed consequence of America's failure in Iraq. The United States invaded Iraq to protect the West from non-existent WMDs and to promote democracy. Democracy in Iraq brought to power Iran's allies, who are in a position to ignite an uprising against American troops that would make the current problem with the Sunni insurgency seem insignificant. Iran, in effect, holds the US hostage in Iraq, and as a consequence the Bush administration has few military or non-military options in dealing with the problem of Iran's nuclear facility.

Ahmadinejad has spoken about the need for Iran to grow closer with 'the East', especially China. Domestically, the favoured model appears to be Chinese: economic liberalisation coupled with political

repression and only gradual cultural loosening. Pragmatic conservatives lean toward what is referred to as a Russian scenario: a conciliatory foreign policy that helps inoculate the regime from international criticism and promote foreign investment. This is a far cry from Khatami's liberalisation plans which extended to relations with the West. Shortly after taking office, he called for closer ties to the United States, though he stopped short of full diplomatic relations. In 1998, during a CNN interview, he endorsed a 'civilisational dialogue' with the West, indicated 'great respect' for the American people and called for scholarly exchanges and other non-diplomatic contacts with the United States. This stirred considerable anger among conservatives, who denounced any notion of improving ties with Washington. Khamenei expressed categorical opposition to US-Iranian rapprochement and brought the initiative to a virtual standstill.

Nevertheless Iranians were shocked when President George W. Bush in January 2002 linked Iran with Iraq and North Korea in an 'axis of evil', based largely on its supposed pursuit of nuclear weapons, though there were also US allegations of links to terrorism. Ironically, US actions have benefited Iran in recent years: overthrowing the Taliban, empowering the Iraqi Shiites, and pushing the Syrian army out of Lebanon, which left a vacuum that the Iran-backed Hezbollah was able to fill.

The main worry, as we have seen over the past few months, is that Ahmadinejad's inexperience and overconfidence often lead the new President down a path of risk-taking and brinkmanship, for example, his hardline position on the nuclear issue. A key indicator was the raft of appointments to government positions. In foreign policy, relative moderates such as Kamal Kharazi and Hasan Rowhani were replaced by people more in line with Ahmadinejad's own conservative background. Now in a position to shape Iran's nuclear policy, Ahmadinejad has fired about 40 ambassadors in what is perceived as a purge of the ranks of the reform-minded Foreign Ministry. This step by Ahmadinejad, particularly in Iran's key missions in Europe and Asia, is perceived as a challenge to the expansion of the powers of Rafsanjani and the Expediency Council, and, consequently, as a criticism of the policy of Khamenei himself – who is the final arbiter in the matter of Iran's nuclear policy. Both

Rafsanjani and Khatami, along with Iran's Foreign Ministry, have recently moderated aggressive statements by Ahmadinejad regarding Iran's nuclear dossier.

## Iran's Nuclear Programme

Iran has been accused of pursuing a programme to develop weapons of mass destruction (WMD). Although Iran has ratified the Non-Proliferation Treaty, the Biological and Toxin Weapons Convention, the Comprehensive Test Ban Treaty and the Chemical Weapons Convention, all of which prohibit the development, production or use of these weapons, the United States believes that Tehran is engaged in an effort to acquire WMD and the means to deliver them.

Yet the pursuit of nuclear weapons has exacerbated tensions within Iran's clerical elite. The mullahs generally agree that Iran should maintain a nuclear research programme that could eventually allow it to build a bomb. After all, now that Washington has proved willing to put its provocative doctrine of military pre-emption into practice, Iran's desire for nuclear weapons makes strategic sense. The United States has installed a friendly government in Afghanistan, and is trying to do the same in another neighbour, Iraq. To make matters worse, it describes Iran as evil and may be planning to invade.<sup>20</sup> So Iran cannot be entirely faulted for rushing to acquire the bomb. When the Bush administration invaded Iraq, which was not yet nuclearised, and avoided using force against North Korea, which already was, Iranians came to see nuclear weapons as the only viable deterrent to US military action.

Conservative ideologues, who view a conflict with the United States as inevitable, believe that an independent nuclear capability is the only way to ensure the survival of the Islamic Republic. However, clerical realists warn that, with Iran under intense international scrutiny, any act of provocation by Tehran would lead other states to embrace Washington's punitive approach and further isolate the theocratic regime.

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<sup>20</sup> Guy Dinmore, 'US marines probe tensions among Iran's ethnic minorities', *Financial Times*, 6 March 2006, p6.

That punitive approach has a complex history. The United States and Israel have long voiced concern about Iran's development of a nuclear power plant at Bushehr, on the Persian coast. Russia is building nuclear reactors at Bushehr for electricity production which should come on stream later this year. The enriched uranium fuel for these reactors will initially come from Russia, but Iran says it wishes to be self-reliant for its supply of fuel. Since 1985, Iran has been developing its own enrichment capability, importing centrifuge designs and components from Pakistan. Uranium centrifuges have a dual purpose: they can produce low-enriched (two to three per cent) uranium for use as fuel, or high-enriched (93 per cent) uranium for use in weapons. The purpose of the NPT Safeguards Agreement is to ensure that nuclear material is not diverted for use in weapons. The agreement also specifies that Iran has to notify the IAEA at least 180 days before it begins to enrich uranium. Iran, however, did not tell the IAEA about its enrichment plans or facilities in the desert at Natanz until February 2003, even though it had carried out tests with uranium hexafluoride gas in the centrifuges in 1999.

Over the years, the MEK has made periodic claims about Iran's nuclear programmes. The claims usually elicited scepticism from the IAEA until, in August 2002, the MEK's political wing, the NCRI, announced at a news conference in Washington that its sources had discovered that two secret sites were being built, south of Tehran, to provide fissile material for nuclear weapons. One, it was said, was the plant at Natanz that would be used for nuclear-fuel production, and the other was a heavy-water production plant, for the extraction of plutonium, in Arak.

In 2004, when France, Britain and Germany – the so-called EU3 – decided to address the Iranian nuclear programme by negotiation, the Bush Administration refused to support that move, and urged that Iran be referred to the Security Council. The European diplomacy led Iran to suspend its uranium-enrichment programme but the agreement was already breaking down by the time Ahmadinejad won his election victory.

Two days after Ahmadinejad assumed office last summer, Iran rejected a package of European proposals and resumed uranium conversion. Iran's new chief nuclear negotiator, Larijani, declared

that the country would never halt uranium conversion. Iran has always insisted that under the Nuclear Non-Proliferation Treaty it has the right to make uranium fuel for civilian power reactors, and that that is its sole purpose, but two decades of deception, uncovered by inspectors, have shattered its credibility.

In September 2005, the IAEA board of governors found Iran in non-compliance with the safeguard agreement, but the board was divided on the issue of sanctions. A vote to refer Iran to the Security Council was deferred. Then, at the beginning of the year, Iran went a step further. It removed IAEA seals from nuclear-enrichment-related equipment and material at the Natanz facility. Enrichment entails feeding uranium gas through centrifuges. When it is purified and processed, reactor fuel is produced; a more elaborate process makes the fissionable core of a nuclear bomb. In February this year, the IAEA's board voted to report Iran to the Security Council.<sup>21</sup>

There is little doubt that Ahmadinejad favours a hardline position on the nuclear issue. He has said that Iran does not need relations with the United States and should retain a full nuclear fuel-cycle capacity. Even though the Supreme Leader will continue to dictate Iranian foreign policy, Ahmadinejad's election nevertheless represents a setback for the European strategy of engaging Iran. Unlike his predecessors, Ahmadinejad does not fear conflict with Europe and the international community, even at a high price to Iran. His *modus operandi* is to impose upon the international community unilateral action by Iran, and then force it to agree. Ahmadinejad's invective and his determination to resume his country's nuclear programme have increased the pressure on the Bush Administration to formulate, at last, a comprehensive Iran policy – something that it failed to do in its first term.

Ahmadinejad has shown no willingness to compromise in a dialogue with Europe. His statements, along with those of other senior Iranian officials, have made it clear that Iran is headed in the direction of conflict. They maintain that Iran is ready to continue the negotiations with Europe that collapsed last August, but they have stated unequivocally that uranium enrichment is no longer open to

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<sup>21</sup> The board voted by 27 to 3, with five abstentions, to report Iran. Only Venezuela, Cuba and Syria voted in favour of the Iranian position.

negotiation. If Europe refuses Iran's demands for a nuclear fuel cycle, Iran will see itself as having the right to renew these activities on its own initiative, as well as to restart operations at the Natanz centrifuge factory. Any punitive measures against Iran will harm Europe and the US more than they will harm Iran.

Thus Iran has rejected the European proposal, apparently supported by the United States, according to which Iran could engage in the initial stages of uranium enrichment, with most of the process being undertaken on Russian soil amid supervision by international bodies. The five permanent members of the UN Security Council have failed to agree a united response to Iran's failure to halt enrichment. But Russia has underlined its opposition to sanctions, and even Mohammed ElBaradei, the IAEA's director-general, has observed: 'sanctions are a bad idea. We are not facing an imminent threat.'<sup>22</sup>

The Security Council asked ElBaradei to report back by 28 April, but it will take a long time for the big powers to unite around a plan of action if Iran remains defiant. There is no provision in the NPT for wide-ranging economic sanctions, let alone for military attack, to punish a state for non-observance of the safeguards agreement. The only sanctions permitted are suspension of nuclear cooperation. These will probably be the only sanctions that China and India will be able to support when the UN Security Council considers the issue.

On 11 April, Iran announced it had made a significant breakthrough in mastering nuclear technology by enriching uranium to a low level of 3.5 per cent, using a cascade of 164 centrifuges at Natanz. In a televised speech Ahmadinejad claimed that Iran had 'joined the nuclear club of countries'. The news was greeted with a mixture of alarm and scepticism in the West. Thousands, not hundreds, of centrifuges are needed to produce weapons-grade uranium, and some experts believe Iran's announcement was a bluff ahead of the UN deadline. Ahmadinejad's talk of Iran's 'historic achievement' could equally be a face-saving prelude to the regime saying it is now ready to bow to UN demands and suspend enrichment activities. Either way, it seems clear that Iran's nuclear capability is not quite as advanced as some US hawks feared. A hundred and sixty-four

<sup>22</sup> 'Big powers fail to agree next move on Iran nuclear issue', *Financial Times*, 31 March 2006.

centrifuges is a negligible amount even for producing nuclear energy. Nevertheless satellite images reveal the plant at Natanz could house 50,000 centrifuges.

It is an open question whether the United States could learn to co-exist with a nuclear Iran. Since the death of Khomeini, in 1989, the mullahs have continued to define their foreign policy in opposition to the West and have often resorted to belligerent methods to achieve their aims. They have tried to undermine the governments of Saudi Arabia and other US allies in the region. They have waged a terrorist campaign against the Middle East peace process. They have even sponsored at least one direct attack against the United States, bombing the Khobar Towers – a housing complex filled with American troops – in Saudi Arabia in 1996. Yet Iran's behaviour has been neither irrational nor reckless. It has calibrated its actions carefully, shown restraint when the risks were high, and pulled back when threatened with painful consequences. Such calculations suggest that the international community could probably deter Iran even after it crossed the nuclear threshold.

## Military Action

The rising drumbeat of warrior journalism in recent weeks has almost created the illusion that a US military attack on Iran is inevitable. Writing in the *New Yorker* magazine in mid-April, veteran reporter Seymour Hersh even quoted a former Pentagon official as saying defence chiefs have considered targeting Iran with nuclear weapons, using 'bunker busters' to destroy underground research sites.<sup>23</sup> Some kind of attack at some stage is possible – and the White House has not ruled anything out – but it is neither imminent nor inevitable. Nor is the UN Security Council likely to back the military option. Politicians, journalists and others in the public eye need to act in a calm and rational fashion. Hyperbolic speculation can only obstruct the painstaking task of diplomacy.

Some neo-conservatives in the United States believe that a military air assault would cause the people of Iran to rise up against their oppressors. But this is about as realistic as claiming the Iraqi

<sup>23</sup> Seymour M. Hersh, 'The Iran Plans: Would President Bush go to war to stop Tehran from getting the bomb?', *New Yorker*, 17 April 2006.

insurgents would greet US soldiers waving flowers. Every analysis suggests that a threat of military action will only rally the Iranian people behind the government of Khamenei and Ahmadinejad. Iran may seem superficially like Iraq – a potentially straightforward military target that could lead to a disastrous fallout – but in fact we need to treat Iran more like Libya. The deal in December 2003, by which Libya pledged to disclose and dismantle all its WMD programmes in return for Western initiatives on trade and foreign investment, shows that painstaking diplomacy can result in a peaceful outcome to the nuclear stand-off.

In 2003, however, Colonel Gaddafi saw little prospect of Libya ever developing a nuclear weapons capability, though he might have purchased a bomb from abroad. Iran's nuclear programme, and level of technological know-how, is much more advanced. Yet few people believe the United States would be so reckless as to use a nuclear weapon against Iran. Not only would the 'bunker-buster' produce large amounts of radiation killing thousands of civilians. The political implications of America launching a nuclear attack on a Muslim country are unthinkable. Even the British Foreign Secretary Jack Straw has described the idea as 'completely nuts'.<sup>24</sup>

Speaking in the House of Commons, on 9 November 2005, Straw said he 'could envisage no circumstances in which military action against Iran would be justified', and that it formed 'no part of the policy of Her Majesty's Government'. The US Secretary of State, Condoleeza Rice, said on 4 February during a visit to London, that 'the question [of military action] is simply not on the agenda at this point in time ... we believe, particularly in regard to the nuclear issue, that while no one ever asked the American President to take any option off the table, that there are plenty of diplomatic means at our disposal to get the Iranians to finally live up to their international obligations'. Despite these official denials, there has been a hardening of diplomatic language in recent weeks and months, and a number of media reports that up the ante in terms of the possibility of military action.

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<sup>24</sup> Daniel Dombey, 'Straw uses tough language to rule out Iran strike', *Financial Times*, 10 April 2006.

On 22 January 2006 Israeli Defense Minister Shaul Mofaz, himself of Iranian origin, hinted that Israel is preparing for military action, saying: 'Israel cannot accept an Iranian nuclear capability and it must defend itself, with all that that implies...We are preparing.' On 29 January, President Bush said on CBS: 'I think it's best I just leave it that all options should be on the table, and the last option is the military option.' Condoleeza Rice, on a visit to Berlin on 29 March, said: 'I don't know that it's necessarily worse to have Iran finally clarify for people that they don't intend to live under the international regime...I don't see Iran particularly constrained by the fact that the IAEA continues to operate in Iran right now. So if Iran makes that threat and carries through on it, then I think we'll have a better and clearer view of what Iran's intentions really are. And so that's not a cost-free move.'

On 31 March, Iran's military began a series of exercises in the Persian Gulf and the Sea of Oman, codenamed 'Holy Prophet', which naval commander Rear-Admiral Mostafa Safari claimed on state television were manoeuvres to ward off 'threats'.<sup>25</sup> Safari said the exercise would include over 17,000 soldiers, 1,500 surface and other naval vessels and an unspecified number of fighter-jets, helicopters and missiles. On 1 April, Iran released a video of a missile being tested which it claims can evade radar and anti-missile defence systems. The head of the Revolutionary Guards air force told Iranian state television that the Iranian-produced missiles can carry multiple warheads and that the technology was completely new and was not copied from any other missile system. The following day, VoIRI TV reported: 'the world's fastest underwater missile built by the Islamic Republic of Iran was successfully test fired...[it] travels at a speed of 100 metres per second and has a powerful destructive force.' Deputy Commander of the Islamic Revolution's Guards Corps Navy, Ali Fadavi, stressed that it is very difficult for warships and submarines to avoid this missile even if they identify it on time, adding: 'the vessels which launch the 'Hud' missile cannot be picked up and identified by radars.'

There have been reports of Pentagon intelligence officials commissioning research into the outcomes of a military intervention

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<sup>25</sup> Agence France Press, 29 March 2006.

in Iran. On 3 April the British Chiefs of the Defence Staffs met to discuss the consequences for British interests in the region of a military attack. A Foreign Office official was reported in the *Sunday Telegraph* on 2 April as saying: 'If Iran makes another strategic mistake, such as ignoring demands by the UN or future resolutions, then the thinking among the chiefs is that military action could be taken to bring an end to the crisis. The belief in some areas of Whitehall is that an attack is now all but inevitable. There will be no invasion of Iran, but the nuclear sites will be destroyed.'

It is unclear whether these actions represent genuine military planning, a form of gunboat public diplomacy or both. Given America's commitments in Iraq, Afghanistan and the rest of the region, the authors rule out a ground invasion, but acknowledge the possibility of strikes led by USAF and US Navy forces. In spite of its actions against Osiraq in Iraq in 1981, we do not believe that Israel could or would launch a unilateral attack.<sup>26</sup> Military action would have two aims: firstly, to damage Iran's nuclear-related sites – reported to be at Bushehr, Natanz, Arak, Saghand, Ardkan, Gehine, Isfahan, Anarak and Tehran – and, secondly, to send a message that the United States is prepared to take pre-emptive action not only to prevent WMD proliferation but also to stop Iran doing other things in the region which the Bush administration finds unacceptable.<sup>27</sup> The authors believe that such a strategy could well backfire.

The United Nations is unlikely to give the military action moral or political legitimacy. It seems improbable at present, given the positions of Russia and China regarding sanctions, that the P5 on the Security Council would support military action. To have maximum impact, attacks on the nuclear sites would have to be done with the greatest amount of surprise, which would seem to rule out the possibility of a diplomatic debate in public as seen in the run-up to

<sup>26</sup> Shlomo Brom, a retired Israeli general, provides a good summary in his article, 'Is The Begin Doctrine Still A Viable Option For Israel?', arguing that Iraq's nuclear facilities were isolated and less well defended than Iran's are, and that Israeli air strikes without the co-ordination of US forces in Iraq would be logistically impossible, <http://www.globalsecurity.org/wmd/library/report/2005/PUB629.pdf>.

<sup>27</sup> The action would not be limited to nuclear facilities, however, and would likely extend to killing those individuals with technical expertise who are involved in Iran's nuclear programmes, as well as targeting Iran's military capability such as air bases, air defences and missile facilities.

the 2003 Iraq conflict. A surprise attack would also increase the likely number of civilian casualties from air strikes, as there will be less time for people to move away from target areas.

Iran could respond to military action by withdrawing from the NPT, kicking out the IAEA inspectors and resuming clandestine nuclear activities under the justification of 'self-defence'. Even though military action could set back Iran's plans to develop nuclear weapons by five years or more, there would be at least two long-term problems: the diplomatic fallout would spell an end to negotiations, and UN inspectors would thus be unable to monitor weapons proliferation from inside Iran. An attack on the 1,000 MW nuclear reactor in Bushehr, once the reactor is fully fuelled and goes critical (scheduled completion date mid-2006) could have disastrous consequences.<sup>28</sup> 'Any destruction of the containment structure could lead to serious problems of radioactive dispersal affecting not only just the Iranian Gulf coast, but west Gulf seabords in Kuwait, Saudi Arabia, Bahrain, Qatar and the United Arab Emirates', according to defence analyst Paul Rogers. 'As well as the direct human effects...these [also] comprise the world's most substantial concentration of oil production facilities.'<sup>29</sup>

Iran might respond to 'unjustified US aggression' in a number of other ways which would be damaging to regional peace and security, but it is likely that the regime would also resume nuclear activities. Iran could seek to prevent or interfere with the oil supplies through the Straits of Hormuz (which is a thoroughfare for 25 per cent of the world's oil) from its military capabilities on Abu Musa, Kharg and elsewhere – a fear being expressed in private by Gulf oil officials. It could increase active support for Hezbollah's terrorist activities from Southern Lebanon. It could attempt to sabotage oil facilities in the Western Gulf, by means of paramilitary units, though few attempts would be likely to succeed. It could act to destabilise Southern Iraq, with fighters crossing the porous border. Links between the IRGC and Shia militias could lead to further insurgency attacks against coalition troops and civilians in Iraq. Although there are no formal

<sup>28</sup> <http://www.globalsecurity.org/wmd/world/iran/bushehr.htm>, although other US sources claim that the Russians may have delayed completion to 2008.

<sup>29</sup> Paul Rogers, 'Iran: Consequences of a War', Oxford Research Group, February 2006.

links between Iran and al-Qaeda, an attack against a prominent Islamic republic would heighten anti-American sentiment in the region. Most Iran watchers agree that military strikes would increase the popularity of the regime, and would have a powerful unifying effect, thereby increasing the government's stability and power bases. This goes directly against the stated US objective of supporting the Iranian people against the regime. Any civilian casualties would be widely reported by Iranian media and other regional broadcasters, further damaging America's reputation in the Middle East.

The authors believe that there remain a large number of diplomatic options that would be acceptable to Iran, the United States and the EU as a way of resolving the current crisis. Military action would be a highly dangerous move that could damage regional security, would not prevent nuclear proliferation, would encourage acts of terrorism and would result in civilian deaths.

## Conclusion

The neo-conservative governments of the United States and Iran are on a collision course. The best hope for change in Iran comes from outside the circles of power through the actions of ordinary people dissatisfied with their economic conditions and eager for democracy. However, such change remains a distant prospect. Even if there is reason to believe that the mullahs' days are numbered, Iran's theocracy is not yet about to collapse. It is hard to believe the West can do much to speed its demise. Any reform movement will need time to recover from the setbacks of recent years, and from the restrictions on social and political freedoms that have combined to leave much of the public dispirited and disconnected from its rulers.

The spectre of armed conflict with the United States will only help Ahmadinejad to consolidate his power. In any case, the US forces are already overstretched, and the Iranian regime holds a trump card in Iraq. The only chance of modifying Iran's behaviour in the short-term will come from a serious effort to engage with the current leadership. It is wrong to argue that engagement is the same as appeasement. Nor does talking to the Iranian leadership signify indifference to the regime's abuses of human rights. Given Iran's

complex domestic politics, it seems unlikely that Tehran and Washington can strike a grand bargain. Yet a genuine 'carrot-and-stick' policy remains a viable option as long as the carrots are as big as the sticks.

The Foreign Policy Centre believes that the United States should acknowledge that Iran has legitimate security concerns. Neighbouring Pakistan, India and Israel all are nuclear-armed, and therefore it is necessary to find some mechanism – a national security arrangement – to persuade Iran that nuclear weapons are not essential for its safety. As a first step, President Bush should endorse the idea of creating a regional security organisation in the Middle East, which would include Iran. Like the OSCE in Europe during the Cold War, this new organisation could begin to provide security guarantees between Middle East states as well as those outside the region. A more secure Iran would create better conditions for the re-emergence of a pro-Western, peaceful, democratic movement inside the country.

The West should show a big carrot to the Iranian people and a big stick to the Iranian government by:

- limiting sanctions for Iran's breaches of its NPT obligations to issues affecting nuclear cooperation;
- offering carrots to Russia and China, such as enhanced co-operation on nuclear R&D, in order to maintain the unanimity of the Security Council;
- clarifying the definition of 'civil nuclear power' in the NPT, and setting up a framework to bring all countries in the Middle East under the NPT, with even-handed measures for non-compliance to be applied across the board;
- promoting economic, cultural, educational and social exchanges as a way of empowering the Iranian people and, ultimately, forcing the regime to loosen its restrictive practices;
- expanding contacts with high-level Iranian political circles to investigate the likely shape of a regional security settlement, if one is indeed possible, that addresses both US and Iranian concerns;

- exploring the potential for a long-term regional security settlement through, for instance, a Montreux-like convention to demilitarise the Straits of Hormuz;
- adopting much clearer deadlines and triggers in its demands upon Iran so that there is no doubt about US intentions;
- referring Iran to the UN Security Council if it continues to support terrorism.

As for Iran's domestic politics, it is worth noting the emergence of a power struggle in the regime following last year's presidential election. Indeed, every day there are new reports from the tip of the iceberg. Ahmadinejad ran a clever campaign as an outsider and critic of the status quo. He rallied electoral support not by promising to remove Israel from the face of the earth but by pledging to fight corruption and support the poor. In power, however, Ahmadinejad quickly undermined his anti-corruption credentials by appointing his relatives to government positions, and then tried to change the subject by launching repressive policies at home. Public hostility toward the conservatives' socially regressive agenda, impatience with the reformists' failures, the weakness of civil society and the absence of an organised opposition have left Iranians in a virtual political cul-de-sac, with dim prospects for genuine transformation in the short run.

Passing a Security Council resolution is a necessary but far from sufficient step for addressing the threat from the Islamic republic. New sanctions, even if they included oil, would not undermine the Iranian regime. A more farsighted, comprehensive strategy for reducing the Iranian menace to international security must include the development of an alliance with those inside Iran who also see the dangers of the regime's adventurism. Ironically, Ahmadinejad and his dangerous foreign policy initiatives abroad, combined with his bankrupt and increasingly oppressive policies at home, have helped create favourable conditions for forging such an alliance.

Until recently, the Supreme Leader Ayatollah Khamenei has backed Ahmadinejad as a way to restrain the powers of Rafsanjani, but now Khamenei is gently seeking ways to rein in the new President and those spiritual zealots close to him, such as Mesbah-e Yazdi, who threaten the Supreme Leader's authority. If this split in the regime

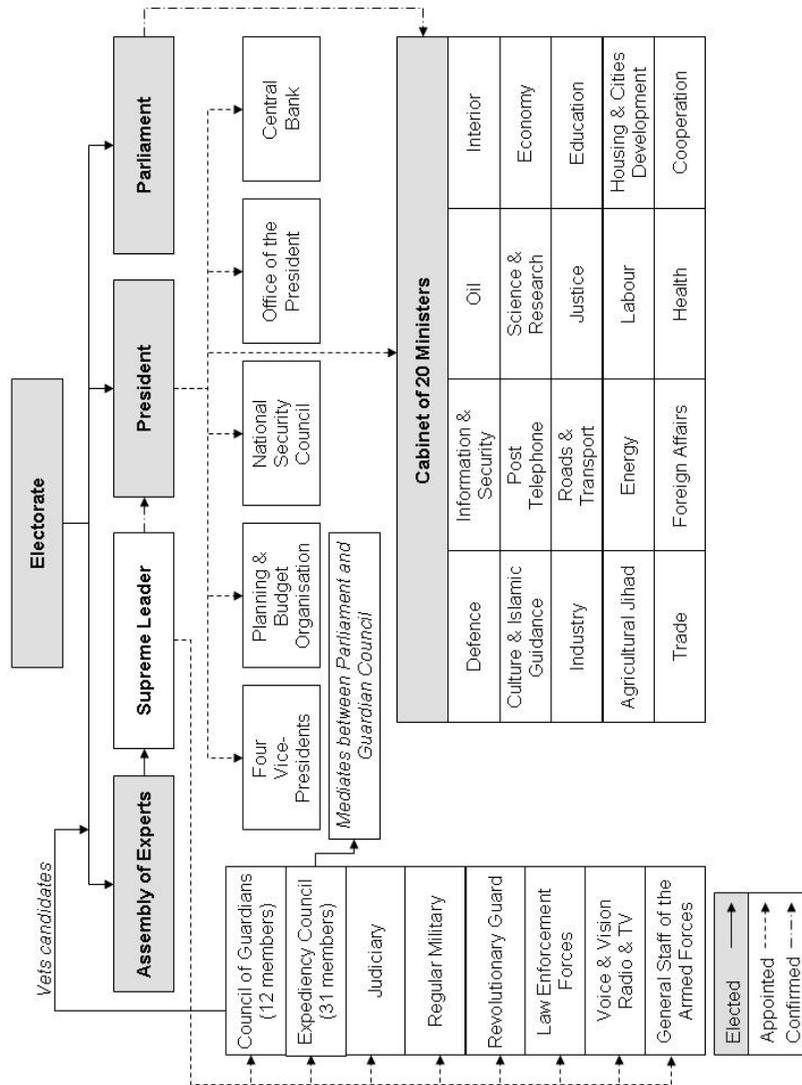
deepens, Ahmadinejad will not be able to rely on widespread support in Iranian society.

These developments create opportunities for the West. The United States should take advantage of the current political climate to marginalise Ahmadinejad. Though disguised in assertions about Iran's right to nuclear energy, the regime's strategic thinking has been quite simple: the United States invaded Iraq because Iraq did not have nuclear weapons; the United States has not invaded North Korea because North Korea has nuclear weapons. The flaws in this logic would be exposed if President Bush pledged that the United States will never attack a non-nuclear Iran, while emphasising that by acquiring nuclear weapons capabilities Iran actually increases the likelihood of military confrontation with the United States. The West should remind the conservatives and reformers alike that a nuclear Iran would trigger a nuclear arms race in the region, as Egypt and Saudi Arabia would move quickly to develop their own arsenals. In other words, the international community should follow what Bush's advisor Zalmay Khalilzad has called a 'dual track policy based on moral clarity: tell the world specifically what is destructive and unacceptable about Iran's behaviour ... while laying out a positive vision of partnership and support for the Iranian people'.<sup>30</sup>

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<sup>30</sup> Speech delivered by Zalmay Khalilzad, Washington Institute, 2 August 2002.

## Appendix 1: Iran's Political Structure



## Appendix 2: Iran's Political Leadership

Source: The Economist Intelligence Unit, Country Report, 10 March 2006

### Leaders

#### Supreme Leader (*rahbar*)

Ayatollah Ali Khamenei

#### President

Mahmoud Ahmadinejad

#### Chairman of Expediency Council

Ali Akbar Hashemi Rafsanjani

### Key ministers

#### First Vice-President

Parviz Davudi

#### Agriculture

Mohammed-Reza Eskandari

#### Commerce

Masoud Mir-Kazemi

#### Culture & Islamic Guidance

Mohammed-Hossein Saffar-Harandi

#### Defence

Mostafa Mohammed-Najjar

#### Economy & Finance

Davood Danesh-Jafari

#### Education

Ali-Asghar Fani

#### Energy

Parviz Fattah

**Foreign Affairs**

Manouchehr Mottaki

**Industries & Mines**

Alireza Tahmasebi

**Information (Intelligence)**

Gholam-Hossein Mohseni-Ejei

**Interior**

Mostafa Pour-Mohammedi

**Justice**

Jamal Karimi-Rad

**Labour & Social Affairs**

Mohammed Jahromi

**Oil**

Kazem Vaziri-Hamaneh

**Iranian Atomic Energy Organisation**

Gholam-Reza Aghazadeh

**National Security Council**

Ali Larijani

**Supreme Speaker of the *Majlis***

Gholam Ali Haddad Adel

**Planning & Management Organisation**

Farhad Rahbar

**Head of Presidential Office**

Gholam-Hossein Elham

**Central Bank Governor**

Ebrahim Sheibany

## Appendix 3: Policy Brief

### Understanding Iran: a solution to the nuclear crisis?

*Chris Forster and James Owen, Policy Brief, The Foreign Policy Centre, February 2006.*

**SUMMARY:** Western diplomats seeking to arrest the emergence of a nuclear Iran must acknowledge the motivations, grievances and insecurities that shape Iranian self-perception, its view of international relations and its nuclear ambitions. To date, the conventional formula for addressing violators of the nuclear Non-Proliferation Treaty (NPT) has been unable to stop Iran claiming what it sees as its sovereign right. For policy to be effective, diplomatic tactics and 'soft' tools will need a psychological nuance to coax and cajole Iran out of its questionable nuclear research program. The short term focus of these efforts must be on fostering more transparency and cooperation, not fomenting revolution.

The roots of Iranian action lie partly in the legacy of Western meddling and the regional vulnerabilities of the country itself. A combination of the two, mixed with a nationalist pride characteristic of the Iranian mindset, has fashioned a siege-like mentality, a propensity for self-reliance and a psychological rationale for nuclear protection: deterrence over détente.

The successful tapping by President Ahmadinejad into popular notions of Iran's regional and international status has provided him with the leeway to confront international opinion. Projecting Iran at home as a leading power and trumpeting its nuclear programme as symbols of modernity and independence has provided the Tehran government with widespread domestic support.

Policy-makers, however, cannot simply deal with Iran by distinguishing between the Islamic regime and the Iranian people, as proposed by President Bush in his State of the Union address. The relationship is complex. Intense national pride has paralleled public dissatisfaction with the government's handling of domestic issues, leaving Iran poised between reform and reaction since the death of

Khomeini. The former Supreme Leader's 'neither east nor west, only Islam' vision no longer serves the aspirations of a well-educated people who are broadly sympathetic to Western culture and values.

To effect change in Iran's posture, the powers behind Ahmadinejad need to believe that current policies are counter-productive and dangerous to their established position. This would drain away the support of influential people in government already wary of the President's brinkmanship tactics. The aim in the short term, therefore, would be to bring about either a change in policy or in leadership, not to encourage revolution.

In the end, preventing Iran from going nuclear may be impossible, but persuading it to open up its research programme will be crucial to easing international tensions. This will require a psychological awareness in dealing with Iran that has hitherto been lacking.

### **ROOTS OF IRANIAN FOREIGN POLICY**

The legacy of Western meddling is fresh in Iranian minds. This dates back to the nineteenth century when Iran was a pawn in the 'Great Game' between Russia and Britain. The country was occupied during the First World War and later invaded by a joint British-Soviet force in 1941. After the Second World War the Soviet refusal to withdraw from Iranian Azerbaijan was one of the first gambits of the Cold War. In 1953 a CIA-MI6 inspired coup toppled the government of Mohammed Mossadegh to install a pro-Western, yet authoritarian, regime under Mohammed Reza Shah. This cemented a US-Iranian strategic alliance that was to last until the 1979 Revolution.

Decisive historical events, such as the Constitutional Revolution of 1906, the overthrow of Mossadegh and the Islamic Revolution, had many causes but one common complaint: the interference of Western powers. The idea of historical injustice, warranted or not, affects the Iranian mindset and its perception of wider threats.

### **MOTIVATIONS OF THE CURRENT LEADERSHIP**

These wider security concerns are important elements in the current formulation of Iranian foreign policy. Iran is hemmed in by intersecting conflicts and transnational threats – a regional arc of

crisis. It is the only non-Arab, Shia Islamist state in the Middle East. Flashpoints in Azerbaijan, Tajikistan, Afghanistan and Iraq threaten its security. A nuclear Russia resides to the north, holding together unstable southern regions. To its west an expanding EU may one day appear on its doorstep with Turkey's accession, a country already mistrusted as a US 'proxy'. East is a weak nuclear Pakistan clashing with India over Kashmir while trying to contain a large number of militant Sunni fundamentalists. To its south-west is the US army in Iraq, while a nuclear Israel has openly declared a first-strike policy against Iran. It is America's pre-emptive strategy, however, which fuses counter-terrorism and counter-proliferation, which is the greatest threat. It brought the US to Kabul and Baghdad.

The policies of President Ahmadinejad's government also have strong domestic origins. Since the death of Khomeini, Iran has oscillated between reform and radicalism and remains a society in an acute state of flux. Unemployment is high; seventy per cent of the population is under 30; student protests shook the regime in 1999, 2002 and 2003; NGOs are increasingly trying to promote social change. A quarter of a century of hardline politics has left most Iranians bored with 'death chants', disgusted by police and militia brutality and disgruntled at the lack of employment and prosperity. International polls from Pew and Zogby reveal that Iranians are extremely pro-American relative to many countries in the region. Large swathes of the middle-class and youth population subscribe enthusiastically to Western values and culture. Yet many Iranians are nationalist and overtly proud of their country. Its history, culture, power and status command great respect in the Middle East.

Ahmadinejad straddles this national dichotomy – supporting a manifestly anti-Western regime while simultaneously buying into the products and values of Western societies – by tapping into this sense of national pride. His rhetoric rallies the nation behind a government policy that is not of direct importance to individual Iranians. Growing the economy and creating jobs, providing security and opportunity for millions of Iranians are of greater urgency, but provide little public room for manoeuvre when confronting the IAEA and United Nations Security Council. These firebrand tactics stoke up public support for an otherwise dangerous policy: pressing ahead

with an ambiguous nuclear research programme despite international condemnation. With national backing, Ahmadinejad is more able to placate voices in government worried about his psychological game of brinkmanship with the EU, US and now Russia and China. The President of Iran is walking a fine line between overly aggravating reactions abroad and shoring up support at home, both in the streets and in the corridors of power.

### **POLICY TO EFFECT CHANGE**

Recent changes on the international scene have made Ahmadinejad's position more tenuous. Previously, Iran played off divisions between the US and EU and deployed the same tactics in the UN Security Council. Now a united front in the UNSC has been created after Iran uncompromisingly re-started its nuclear programme, causing a stir in Moscow and Beijing. Such a situation could expose divisions within the regime and cause the religious oligarchy to reassess how far it should pursue its nuclear brinkmanship. It is these divisions that need to be exploited through further diplomatic measures and 'soft' tools.

Pressure from the Iranian public could help to divide the religious leaders behind Ahmadinejad. The psychological disposition that Ahmadinejad manipulates can equally be exploited to achieve such an outcome. Separating the Iranian government from the Iranian people – a strategy pursued by the Bush Administration – is an oversimplified solution we already see does not work. The complexities of the relationship the Iranian people have with their government are tightly coiled around the paradoxes that exist in the country: voting for an anti-Western demagogue yet sympathising with Western values; dislike for the hardline regime yet pride in its nationalist rhetoric. Creating a wedge between the two may not be viable, or even desirable. Revolution will not necessarily be the most beneficial outcome. For the moment, the immediate concern should be opening up Iran's nuclear programme, not replacing the extremist regime that drives it.

To create this upward pressure that will create anxiety and disunion in the Iranian government, Iranians need to feel that the nationalist rhetoric they follow is in fact detrimental to their nationalist instincts. To continue on the aggressive path taken by Ahmadinejad would

diminish Iran's status and prestige, not amplify it. This approach will require deft manipulation of 'soft' tools including an active and successful public diplomacy programme.

These 'soft' tools should be directed at symbols of national pride, ideas of national superiority and assumptions of national greatness. All these need to be challenged. The more Tehran tries to elevate nuclear technology as a monument to Persian advancement the more Iran should lose its status in the world. A variety of measures drawn from numerous spheres of public life would need to be employed. Cultural, sporting, educational, spiritual, diplomatic and other activities would provide grounds for 'denting the Iranian ego'. International pressure could threaten to have Iran banned from the World Cup – many Iranians are football fanatics – if it does not comply with demands for transparency. Freezing all finance for the Iranian cinema industry – a national symbol of pride – would dampen their cultural prestige. Pressing the Organisation of the Islamic Conference (OIC) to remove Iran temporarily from any committees or even suspend its membership would reduce its influence in the Islamic world.

A critical condition for these measures to function is that they do not impinge upon individuals directly. Scholarships, cultural exchanges and visas should still be permitted. Economic sanctions should be avoided as much as possible. They have a past history of failure – witness Iraq – and would do little but impoverish ordinary Iranians. Iran should also not be isolated along the lines of North Korea. Constructive dialogue should be available and engagement continued along diplomatic fronts, official and unofficial. The process of referral to the UNSC and inspections of the IAEA should proceed to apply traditional pressure upon the government.

The Iranian government's rhetoric would no doubt vilify any actions made by the international community and label them as unwarranted. To ensure that these measures are successful, an effective public diplomacy programme must be in place. This will inform Iranians that they *are* wanted in the World Cup, the world *does* want to watch their films, Iran *is* welcome back to the OIC and, of course, *is* free to develop a civilian nuclear programme. The information policy would emphasise that Iran's nuclear programme

would have to be peaceful, within the parameters of the NPT and performed under the watchful eye of the IAEA. Condoleezza Rice's recent request for an additional US\$75 million from Congress to increase information penetration into Iran with 24-hour television and radio stations is a step in this direction. Learning from Iraq – where public reception of US-backed channels is mixed, will be essential to gain a large market share and avoid criticisms of bias and prejudice.

### **CONCLUSION: DIFFUSING THE IRANIAN NUCLEAR CRISIS**

Three acknowledgments must be made if the Iranian nuclear crisis is to be diffused. Firstly, to make a clear distinction between the Iranian government and its people is a gross oversimplification that will only lead to ineffective policies. Secondly, policies must focus on the short term goal of changing Iranian policy or leadership, but not the regime itself. Thirdly, the ambitions of leaders wanting to halt Iran's nuclear research programme must qualify their objectives. What is realistic? Can Iran be indefinitely prevented from developing nuclear technology? Libya succumbed to financial penalties and diplomatic isolation, but Iran is more likely to prioritise national pride above economic growth. It is also within Iran's sovereign right to develop such technology. Realistically, the demands of the international community should be that of transparency and cooperation. The relationship between Iran's research facilities and its military R&D is unclear and the source of major international tension. To exploit and increase the disunity existing in the religious oligarchy that sanctions Ahmadinejad's policies will require measures that demote Iran's status without isolating it, damage national pride without inflicting misfortune on individuals. An effective public diplomacy program would be critical to prevent Tehran from misrepresenting international efforts – which would stir up further nationalism and galvanise the country. Understanding this psychological disposition of the Iranian leadership and its people might provide the extra leverage needed to persuade Ahmadinejad to back down.

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- Encourage the foreign policy of Western nations towards active and effective support for the development of Civil Society in the Middle East;
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