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Iran’s Deepening Internal Crisis

SHAUL BAKHASH

Iran is heading for presidential elections in June 2013 against the background of a markedly altered political landscape. Since the controversial election in 2009 which handed President Mahmoud Ahmadinejad a second term, the level of political repression has sharply increased. Iran’s supreme leader, Ayatollah Ali Khamenei, remains the predominant locus of power, but he has had to beat back challenges to his authority and to rely more heavily for support on the Revolutionary Guards, the security agencies, and conservative clerics. The weight of these groups has grown in the inner circles of government.

Meanwhile, cracks have emerged within the ruling elite—divisions that Khamenei has been unable to repair. US-led sanctions, exacerbated by Ahmadinejad’s free-spending economic policies, have resulted in serious economic dislocations, feeding public discontent and financial uncertainty. On the international front, Iran has grown more assertive and its tone more truculent, but it is also more isolated and beleaguered. Iran’s next president will have his work cut out for him—but he may end up with little ability to set his own agenda, and serving principally as the executor of the supreme leader’s decisions.

ENDLESS CRACKDOWN

Election officials declared Ahmadinejad the winner by a lopsided margin in the 2009 presidential ballot, but many Iranians regarded the official result as fraudulent. Hundreds of thousands poured onto the streets of Tehran and other cities asking, “Where is my vote?” The government responded to what came to be known as the Green Movement as if the regime’s very survival were threatened. It cracked down severely on the mas-

sive but peaceful demonstrations. It used the basij paramilitary forces and club- and knife-wielding thugs to beat up, arrest, and jail protesters. Mistreatment of arrestees was widespread; there were credible reports of rape of both male and female prisoners. In one prison, Kahrizak, three young men died almost certainly under torture. Families of arrestees were harassed and threatened—a practice not common in the past.

The crackdown on the streets was followed by a mass, televised show trial that recalled some of the worst features of the Soviet era. More than 100 persons were put on trial together and charged collectively (the accused were later charged individually as well). In the dock were not only ordinary demonstrators but a former deputy president; several former deputy ministers and members of the Majlis, or parliament; and the leading lights of the reformist movement. The prosecutor charged them with involvement in a conspiracy aimed at the overthrow of the existing political order. He also indirectly implicated the leaders of the two principal reformist parties and the Green Movement: Mir Hussein Mousavi, the much-lauded prime minister during the eight-year Iran-Iraq war, and Mehdi Karroubi, a respected senior cleric and a former speaker of the Majlis. Many of the accused received lengthy prison sentences.

Since the initial trial, the arrests, trials, and imprisonment of opposition politicians, dissidents, journalists, and activists have continued unabated. Where trials were held, the charges were predictable and menacing: participation in the 2009 protests and such vague accusations as “spreading anti-regime propaganda,” “collaborating with the enemy,” “insulting the leader,” “endangering national security,” giving interviews to the foreign press, and, in one instance, accepting an “illegal” international human rights prize.

SHAUL BAKHASH is a professor of history at George Mason University.

The sentences handed down by the revolutionary courts have been severe. The human rights lawyer Abdolfattah Soltani was sentenced in March 2012 to 18 years in prison and barred for an additional 20 years from practicing law. Bahareh Hedayat, a women's rights activist and a leader of the "One Million Signatures Campaign" to secure equal rights for women, was sentenced to nine and a half years in prison. Another women's rights activist, the lawyer Nasrin Sotudeh, was sentenced to 11 years in prison and barred for 20 years from practicing law or traveling abroad. Mohammad Ali Dadkhah, a founding member of the Center for Defenders of Human Rights, began a nine-year prison sentence in September for membership in an organization "seeking to overthrow the government." He was also barred for 10 years from teaching or practicing law.

The university student organization, Tahkim Vahdat, has listed dozens of students sentenced to prison terms of up to 10 years on similar charges. The list includes Majid Tavakoli of Amir Kabir University, sentenced to an eight-year prison term, and the blogger Hossein Ronaghi-Maleki, sentenced to 15 years.

Nor has the regime been stingy with death sentences. The United Nations Special Rapporteur on the human rights situation in Iran, Ahmed Shaheed, reported in March 2012 that the Iranian judiciary executed 700 persons (one-third of them secretly) in 2011. In executions worldwide, Iran ranks second in absolute numbers only to China, and ranks first in the world relative to population. The bulk of the reported executions resulted from drug-related charges, but such charges often serve as a cover for the prosecution of political dissidents. Shaheed also reported that Iran has 45 journalists in jail, 150 journalists have fled the country, and 50 publications have been shut down since the 2009 vote.

The crackdown has extended to Iran's universities, where many professors identified with the reformist cause or liberal ideas have been forced into retirement or dismissed. Earlier this year, the minister of science, research, and technology, Kamran Daneshjoo, called for the revision of university curricula in such fields as law, psychology, and sociology to replace "Western theories" with Islamic ones—an echo of earlier failed attempts at curriculum rewriting. In another sign of growing conservative influence in higher education, 36 public universities introduced measures in 2012 to exclude or limit the number of women in 77

fields of study, including engineering and mining. Once again, there is talk of segregating men and women in university classes.

As in other autocratic states, the judiciary has developed its own notorious administrators, judges, and prosecutors, who serve as enforcers of the line laid down by the security agencies and the political leadership. Despite negative publicity, these men remain in office or are removed from one powerful position only to be appointed to another. One example is Gholam Hossein Mohseni Ejei, a cleric whose career has placed him at the nexus of close collaboration between the judiciary and the security services. He achieved prominence in the 1990s for the heavy prison and death sentences he handed out as a judge in the revolutionary court system.

During his four years (2005–09) as minister of intelligence, Ejei prosecuted numerous dissidents and intellectuals for participation in an alleged US conspiracy to bring about regime change in Iran. The idea that America is trying to use Iranian intellectuals and academics to bring about a "velvet revolution" in Iran like those that toppled communist regimes in Eastern Europe is something of an obsession with the publicity-seeking Ejei. Ahmadinejad dropped him from the cabinet in 2009, but the chief of the judiciary immediately appointed him as national prosecutor-general, then as attorney general.

Saeed Mortazavi, known as "the butcher of the press" for the numerous publications he banned and the journalists and bloggers he sent to prison as a revolutionary court judge, was implicated in the death under interrogation of the Iranian-Canadian photojournalist Zahra Kazemi in July 2003. Even so, he was promoted to the position of Tehran prosecutor-general. Subsequently, a Majlis commission directly implicated him in the deaths of the three protesters at Kahrizak Prison and in the widespread mistreatment of prisoners that followed the 2009 demonstrations. This time he had to step down, only to be appointed a deputy national prosecutor-general. Then, when a public outcry made his retention in the judiciary untenable, he was named head of the Social Security organization, where he oversees the administration of billions of dollars in pension funds.

HARD-LINERS ENTRENCHED

The government also moved to discredit the Green Movement by branding it a "seditionist current"—a label that implied treason or at the very least an attempt to overthrow the established order. The propaganda campaign against the "se-

ditionists” continued for several months. Even political figures not directly involved in the Green Movement but who failed to condemn or to distance themselves from it, such as former reformist president Mohammad Khatami, were tainted with the “seditious current” label. Karroubi, former Prime Minister Mousavi, and Mousavi’s wife, Zahra Rahnavard, were placed under house arrest in February 2011. Except for brief family visits, they have since been allowed no communication with the outside world.

The two principal reformist parties were proscribed. In September 2012, Faezeh Hashemi began serving a six-month prison sentence and her brother, Mehdi, was arrested. Their father, Ali Akbar Hashemi Rafsanjani, is a former president and former speaker of the Majlis, the architect of Khamenei’s selection as supreme leader, and at one time one of the most powerful men in Iran. Thus does the revolution devour its own children.

The security agencies, the Revolutionary Guards, and other hard-line elements have emerged stronger and more deeply entrenched in the aftermath of the 2009 election crisis. In an environment in which the regime feels under siege, the task of rooting out and silencing the opposition has fallen to these groups. The role of the Revolutionary Guards in the economy and in politics had been on the rise well before the 2009 elections. Companies operated by the Guards now dominate in significant sectors of the economy; they are involved in large-scale construction, the oil and gas industry, automobile assembly and production, and metals and weapons manufacture. During his first term in office, Ahmadinejad awarded the Guards several large no-bid construction contracts and appointed former Guards officers to government posts.

The Guards played a key role in suppressing demonstrations on the streets in 2009, using their basij paramilitary arm, and assumed responsibility for rounding up suspects on behalf of the judiciary. They now present themselves as the “saviors” of the regime, claiming a larger say in decision making. On the eve of parliamentary elections in the spring this year, the commander of the Guards, Mohammad Ali Jafari, took it upon himself to set criteria for candidates and conditions under which members of the reform movement would be allowed to stand for seats in the Majlis. Ahmadine-

jad himself charged that the state-run Pars News Agency is tied to the security agencies.

Meanwhile, the prominent role that senior clerical figures played in putting together a united conservative bloc for the 2012 Majlis elections underlined the heavy involvement of leading clerics in politics.

CRACKS IN THE REGIME

But splits have broken out within the conservative camp. Ahmadinejad initially enjoyed the strong support of Khamenei, Majlis deputies, and the Revolutionary Guards, but he has managed to lose their backing. He has alienated rank and file deputies and leaders in the Majlis by failing to implement laws enacted by the legislature, raiding the budgets of government departments for his own pet projects without parliamentary authorization, and treating the Majlis with contempt. And when he tried to name his own special representative to the Middle East, the move was widely interpreted as encroaching on a policy sphere, foreign affairs, that the supreme leader has claimed as his prerogative.

Ahadinejad has alienated members of the clergy with views on religious matters that smack of heterodoxy. For example, he claimed a special relationship with the 12th, or “Hidden,” Imam, the revered

Shiite religious leader who removed himself from the world in the ninth century and who, it is believed, will return in the ripeness of time to establish the reign of truth and justice on earth. Ahmadinejad has implied that this return is imminent, scandalizing orthodox clergy; he even referred to the coming of the Hidden Imam before a largely puzzled audience in his speech to the UN General Assembly in September 2012.

Ahadinejad’s detractors have directed their sharpest criticism at the president’s chief of staff and principal adviser, Esfandiar Rahim Mashaei, whose adept political maneuvering they fear and whom they depict as exercising a malevolent, Rasputin-like influence on the president. Mashaei created a furor for suggesting that the Iranian people had no quarrel with the Israeli people. He aroused the clerical community’s ire by giving pride of place to Iran’s pre-Islamic rather than its Islamic past and culture. Before the 2012 parliamentary elections, conservatives alleged and seemed to believe he was planning to use money

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from government operations to “buy” a majority for Ahmadinejad in the incoming Majlis—a majority that never materialized.

As long as Ahmadinejad enjoyed Khamenei’s support, resentments against the president simmered below the surface. But a falling-out occurred between the president and the supreme leader over the minister of intelligence. Ahmadinejad abruptly dismissed the minister in April 2011; Khamenei promptly reinstated him. Ahmadinejad sulked for 12 days, refusing to attend to his official duties. This momentary defiance of Khamenei provided the president’s opponents with the opening they needed. The Tehran Friday prayer leader pointedly asserted that the supreme leader stood above the constitution and was owed “absolute obedience.” The Revolutionary Guards commander noted that “everyone, in whatever position, responsibility or level, must bow his head before the orders of the Leader.”

The arrest or departure from office of several of the president’s aides soon followed. Majlis deputies took to challenging the president’s policies; they summoned him to the House to answer their questions. Nor was this all. In an eerie echo of intra-party struggles in Stalinist Russia and Communist China, Ahmadinejad and his team were dubbed a “deviationist current.” In addition to being charged with corruption, his aides were accused last year of dealing in black magic and consulting soothsayers and seers. Ahmadinejad remains defiant, but his wings have been clipped. He is spending his last two years in office in a much weakened position. For example, his chief press spokesman and head of the official government news agency was arrested at the very time Ahmadinejad was at the UN to address the General Assembly.

The “deviationist current” affair is a reminder that 33 years after the revolution, Iran’s ruling elite is still unable to resolve differences on policy and the country’s future direction through negotiation and compromise. Divisions have repeatedly surfaced within the ruling elite over the past 30 years; and repeatedly, former friends and colleagues have turned against one another with stunning ruthlessness. The losers in these intra-elite struggles usually pay a steep price, suffering exclusion and marginalization, the “counter-revolutionary” label, and trials and prison terms. Zbigniew Brzez-

inski many years ago described the politics of the Soviet Union under Stalin as a kind of “permanent purge.” Something akin has been in play in the Islamic Republic as well.

ECONOMIC BUNGLING

During Ahmadinejad’s first seven years in office, Iran earned \$560 billion in oil revenues—amounting to an astounding half of the entire \$1.1 trillion earned from petroleum exports in the century since oil was discovered in Iran in 1908. Yet economic growth has been sluggish, and the economy is facing serious difficulties. The reasons include an inflated and inefficient public sector, Ahmadinejad’s ill-considered economic policies, and the effect of sanctions imposed on Iran by the United States and its European allies.

Privatization has accelerated under Ahmadinejad, but state-owned industries and enterprises in many cases have been sold to quasi-state entities such as the Revolutionary Guards and pension funds which continue to enjoy a privileged and often coddled relationship with the government. A

bloated civil service and large numbers drawing salaries as members of the military and the ubiquitous security services are a drain on public resources. A liberal import policy ensures a plentiful food supply and well-stocked

shops; but the cheap consumer goods from India and China hurt local industries and drain foreign exchange reserves.

Like Hugo Chávez in Venezuela, the president has spent liberally on pet projects, such as handouts to help newly married couples and roads and schools for the small towns and villages that he visits on his provincial tours. Such measures win the president populist support in rural areas, but they play havoc with economic planning and contribute little to job-creating investment and productivity. Dismissive of any fiscal constraint or long-term planning, Ahmadinejad dissolved the Plan Organization, which oversaw Iran’s five-year development plans, injecting an additional element of unpredictability and haphazardness in economic policy.

Unemployment has remained high. The money supply has risen steeply during Ahmadinejad’s tenure, with inflation running at around 20 percent annually according to official figures and higher according to outside analysts. A business elite has

Hard-line elements have emerged stronger in the aftermath of the 2009 election crisis.

grown enormously wealthy due to the government's massive spending and lucrative contracts; but many Iranians have to hold down two or three jobs to make ends meet.

The centerpiece of Ahmadinejad's economic program has been subsidy reform. This too has proved costly. The initiative addressed a serious problem: Government subsidies for fuel and oil products, water, electricity, bread, milk and other essential foods were estimated to be costing the government upwards of \$30 billion a year and as much as \$90 billion when oil and gas consumed at home are priced at international levels. Cheap energy resulted in waste and high per capita energy use. A reform law that came into force in December 2010 aimed at eliminating subsidies while cushioning low- and middle-income families from the impact of higher prices with a monthly stipend of roughly \$45 per month for each woman, man, and child. Revenue generated by subsidy cuts was to pay for these stipends, for aid to energy-dependent industries hit by higher fuel prices, and for administrative costs.

Initially, the program was hailed as something of a success. Gasoline price increases in 2007 had led to riots. This time, gasoline prices almost doubled, prices for gas for home heating went up five times, and water and electricity prices tripled overnight, yet the country remained quiet. The government managed the distribution of the monthly stipend to between 60 million and 70 million Iranians fairly efficiently. According to some economists, a typical rural family of four or five with low fuel, electricity, and water usage may even have seen its income rise due to the stipend.

However, serious problems soon emerged. A last-minute decision resulted in the monthly subsidy being paid to every Iranian, including the wealthiest 20 percent, raising costs. Many Iranians, it turned out, were not paying their higher gas, water, and electricity bills. Savings achieved by subsidy cuts were considerably lower than anticipated and payouts higher. The result was a shortfall of \$12 billion in the first year of the program's operation—a shortfall met by drawing on the central bank, on oil export receipts, and on the energy ministry's budget, without parliamentary authorization. The government insisted that it was paying the assistance to industries saddled with higher fuel costs, but the Tehran Chamber of Commerce reported that a fraction or none of the promised assistance reached these enterprises.

More problems lie ahead. Costs of the program will rise due to population growth, the govern-

ment's reluctance to further increase prices of formerly subsidized items to keep pace with inflation, and continued shortfalls in anticipated savings. Some Majlis deputies have projected a shortfall of as much as \$18 billion in the second year of the program. It was initially hoped that the initiative could be phased out in about five years, once the subsidy cuts were fully absorbed. But it may prove difficult to end the stipends if low-income Iranians come to regard the monthly check as theirs by right.

SANCTIONS HURT

The economy has also been severely disrupted by increasingly tight sanctions imposed by the United States and its European allies. Broadly speaking, these sanctions bar or restrict the purchase of Iranian oil, investment in Iran's energy industry, and dealings with major Iranian banks, including the central bank. As a consequence, Iran's oil exports have plummeted. By September 2012 they had fallen by half or more, to about 1 million barrels of crude a day, costing the country upwards of \$3 billion a month in revenues.

Iranian banks have been virtually shut out from the international banking system, making it difficult for them to engage in international transactions, open letters of credit, or move funds. The payment for oil that Iran does sell cannot be transferred to Iran's accounts in some instances. The European Union has barred European companies from insuring tankers carrying Iranian crude.

The government has found some ways to blunt the full impact of sanctions. It has resorted to smaller, less well-known banks in Asia and elsewhere willing to quietly handle Iranian transactions. The state insurance company offered to insure oil tankers transporting Iranian crude. The government has accepted payment for crude sold to India and China in local currency rather than in dollars. However, these ploys have raised costs, complicated transactions, required reliance on intermediaries, delayed money transfers and goods delivery, meant that Iran could use Indian rupees and Chinese renminbi only to buy local goods, and created considerable uncertainty in Iranian markets.

By the fall of 2012 the signs of severe dislocations in the economy were unmistakable. Iranian industries today find it difficult to purchase and import raw materials and spare parts, disrupting production on the factory floor and forcing factories to shut down production lines. Iran Khodro, the country's largest automobile-producing con-

an image of Iran as the flag-bearer of Islam and the champion of the Arab street against Israel and American hegemony. Tehran's reaction to the Arab Spring underlined that, for Khamenei at least, maintaining this image trumps relations with the Arab neighbors.

The spread of protests to Syria in March 2011, and the subsequent emergence of civil war there, have posed a dilemma for Iran. Syria is Iran's close ally. The two countries have coordinated policies toward Israel. Both are supporters of the Shiite opposition movement, Hezbollah, in Lebanon. Syria is the route through which Iran supplies arms to Hezbollah and possibly also to the Palestinian movement Hamas. Iran cannot comfortably appear hostile to demands for freedom and democracy in Syria when it has applauded similar calls elsewhere in the Arab world. But Iran can hardly countenance the displacement, much less the overthrow, of its only Arab ally.

Tehran's stance on Syria has proved changeable and erratic, an attempt to hold two contradictory positions at once. At times Iran has supported the opposition's call for free elections (but never for the departure of President Bashar al-Assad); it has paid lip service to the Syrian people's right to protest. At other times, it has echoed the Syrian regime's identification of the protesters as terrorists and blamed the violence on outside interference by the United States and Arab nations, hardly ever criticizing Assad's war against his own people.

In practice, however, Iran's support for Assad has not wavered. Tehran has provided the Syrian regime with financial assistance, diplomatic support, anti-guerrilla and riot-control training, and, according to some reports, weapons. In Syria, Iran is in effect fighting a proxy war against the United States, Turkey, and the Arab states, including Saudi Arabia and Kuwait, which are supporting the opposition. The Syrian crisis has strained Iran's long-standing relations with Turkey, undercut improving relations with the new Muslim Brotherhood government in Egypt, and deepened the divide between Iran and the other Gulf states.

PRESIDENT OR FACTOTUM?

The next Iranian presidential election will take place against this crisis-ridden background. Ah-

madinejad, having served two terms, cannot run again. He is rumored to wish Mashaei to succeed him, but there is almost no chance that Khamenei and the conservatives will tolerate a Mashaei candidacy. The Council of Guardians, a body of senior clerics that rules on the qualification of candidates, will make sure he cannot run. Nor is a plausible reformist candidate likely to emerge. Mousavi and Karroubi remain under house arrest and no Green Movement leader of comparable stature has appeared on the scene. Anyone among the reformists permitted to run will not be of much consequence.

Moreover, the reformists seem unable to decide if they should chance another, probably pointless candidacy, or if they should boycott the elections altogether. It seems highly unlikely that the conditions on which the reformists insist for their participation—release of political prisoners, freedom for all parties to campaign, freedom of the opposition press—will be met. Some commentators have floated the idea of a compromise candidate, acceptable to reformists, centrists, and moderate con-

servatives, to unite the country in a moment of crisis. But no prominent conservative leader has endorsed the idea of a “national unity” government, floated by Rafsanjani.

Most likely, next year's election will be contested by regime insiders. Ali Larijani, the current Majlis speaker; Gholam Ali Haddad Adel, the former speaker and Khamenei's brother-in-law; Ali Akbar Velayati, Khamenei's principal foreign policy adviser; and Tehran Mayor Mohammad Baqer Qalibaf are among the commonly cited names. The first three are very close to Khamenei. It may turn out that Khamenei, after his experience with his first three presidents—Rafsanjani, Khatami, and Ahmadinejad—will decide that he cannot risk yet another president who will pursue his own agenda and challenge the authority of the leader.

Having tampered with election results in 2009, the regime may find it tempting to do so again. The aim would be the election of a president who will serve as the supreme leader's factotum, there only to carry out Khamenei's policies and decisions. If so, the ruling elite, already narrow in terms of political range and diversity, will shrink even further, and Khamenei will complete the task of consolidating power in his own hands. ■

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