

PEACE AND SECURITY

RADICALIZATION DURING THE ROUHANI YEARS

Iran's Political Shifts and Their Implications

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March 2021



Political momentum in Iran now lies with the radicals. In the wake of U.S. sanctions, President Hassan Rouhani's policy of moderation has failed to produce promised economic growth.



Political shifts in Iran have up-ended the usual dynamics of inter-factional competition to not only affirm the radicals' positions, but to also radicalize the more moderate forces themselves. The hard-liners remain a heterogeneous group, with intense disputes over ideology and power.



Tehran's nuclear and regional policies look set to become even more assertive while Iran's progress in economic diversification renders concessions on its part less attractive.

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Introduction

At the start of 2021, the political momentum in Iranian domestic and foreign affairs lies squarely with the radicals. The efforts at internal reform and international engagement by the government of President Hassan Rouhani had failed, by and large, to deliver tangible results for Iran and its people. As a result, the Islamic Republic's moderate- and reformist-leaning forces found themselves increasingly sidelined.

Crucially, the rise of the radicals over the past few years has extended beyond political shifts in the balance of power and into the realm of ideas, if not ideology. In light of Iran's recent experience, the concepts put forward by the moderates have increasingly lost traction politically, particularly with respect to the question of whether engagement at the international level pays off. This is not only a matter of public buy-in or the lack thereof. The moderate forces themselves have hardened their positions, too.

As such, the Donald Trump administration's maximum pressure campaign left a huge mark on Iran beyond questions of nuclear diplomacy and Iranian-U.S. relations in a narrow sense. Rather, Washington's unilateral withdrawal from the nuclear deal and the reimposition and expansion of its comprehensive sanctions regime changed the broader political landscape in Iran, and it appears that this change is substantially more profound than the usual vicissitudes of political fortune that are part and parcel of the factionalism in the Islamic Republic. Although Iran remains far from a democracy, it allows for a vibrant Islamist pluralism among the loyalists of the Islamic Republic. Political competition in Iran – notwithstanding the persecution of political actors outside the confines of the establishment – is broader and the spectrum of political actors is considerably more diverse than in most of the countries in its immediate vicinity.

The recent political shifts in Iran have a strong element of interfactional competition. Building on the momentum that the U.S. maximum pressure campaign generated, the more radical factions have sought to further consolidate and expand their power. Already in control of the Islamic Republic's unelected institutions – such as the Guardian Council – they now seek to also take control of elected in-

stitutions.¹ In February 2020, hard-liners constituted the majority of representatives elected to the parliament and now they are aiming for the presidency in elections scheduled for June 2021. Through their control from the commanding heights of the Islamic Republic's political system, the radical forces feel emboldened to (further) curtail political competition, as demonstrated by the successful large-scale exclusion of moderate and reformist candidates from the 2020 parliamentary elections.²

Despite the actual differences between the hard-liners and moderates, the two have always shared a common bond in their unshakable commitment to the Islamic Republic as a political system (*nezam*). Of particular note, the moderates have rarely turned their back on the hard-liners in regard to the international community. In fact, they have defended the most abhorrent actions by them, from deadly crackdowns on protestors to executions of homosexuals and minors to the arbitrary imprisonment of civil society activists and dual nationals to the gassing of Syrians by Tehran's neighborhood ally President Bashar al-Assad. In a January 2021 interview, Iranian foreign minister Mohammad Javad Zarif admitted as much, stating that he had to defend policies that he does not support,³ – remarkable testimony to the government's limited role in policy making and the moderates' unwavering loyalty to the *nezam* regardless of its actions.

What has changed over the past years, however, is the political reorientation among the moderates, with the Trump administration's maximum pressure campaign pushing them to become more hard-line in their positions. While many moderate (and reformist) politicians remain convinced that the Islamic Republic needs domestic reforms and foreign engagement to advance, there is widespread disillusionment about the viability of engaging with the West in general and the United States in particular.

The United States' renegeing on its commitments under the nuclear deal has changed the moderates' outlook. No lon-

¹ On the political system, see Buchta 2000.

² Albeit this victory came with the downside of low voter turnout, which matters insofar as the Islamic Republic considers high levels of electoral participation confirmation of its legitimacy.

³ Etemad Online 2021.

ger is the nuclear deal, or for that matter, any other potential diplomatic arrangements, viewed as a confidence-building step toward further advancing relations with the West. To the contrary, mistrust and an emphasis on securing ironclad guarantees – for example, for effective sanctions relief – have replaced the previous constructive-minded agenda. Public statements by Rouhani illustrate this shift. Upon reaching agreement on the nuclear deal in 2015, Rouhani applauded the »opening of a new page« in Iran’s relations with the world that would make cooperation and the resolution of problems easier.⁴ In 2020 he threatened Europe over the nuclear deal, warning that »the European soldier could be in danger,«⁵ presumably referring to European troops deployed in the Middle East.

Beyond the perspective of Iran’s political elite, the outlook toward engagement by average Iranians has changed as well. To the extent that polls offer insights into the thinking of the Iranian people, they increasingly believe that the nuclear deal failed to deliver benefits for the country, concessions are not worthwhile, and the advancement of the country’s missile program is important.⁶ In short, public support for diplomacy and engagement has waned.

It is against this backdrop that this publication examines the growing radicalization of Iranian politics and assesses its implications for Tehran and its approach to foreign relations. The underlying assumption is that the recent radicalization of politics in Iran will be a defining trend shaping the immediate and mid-term future of the country. Factional competition remains highly relevant, as does the matter of who controls the parliament and the presidency. Yet, with Iranian politics having become more radical across the board, it is worthwhile assessing the broader shifts in Iranian politics.

Radicalization is understood here in a rather colloquial sense – as a general embrace of hard-line positions within the context of Iran’s political system. It does not reflect any specific theoretical characterization of radicalism or imply any foregone conclusions about certain political outcomes. Rather, the notion of radicalization constitutes a starting point for a multifaceted debate about the state of politics in Iran.

The publication brings together analysts from Europe, Iran, and the United States to examine different aspects and developments concerning the radicalization of Iranian politics. *Azadeh Zamirad* examines the factors which contributed to the demise of Iran’s moderates and discusses the implications for the factional and social sphere. *Narges Bajoghli* analyzes generational changes among the Islamic Republic’s conservatives and hard-liners, emphasizing that inter-generational dynamics are about both the revolution’s legacy and power in politics. *Walter Posch* traces the rise of Iran’s Hezbollahis from an underground movement before

the revolution to the echelons of power, highlighting their ongoing importance in the perseverance of the Islamic Republic. *Dina Esfandiary* discusses Iran’s nuclear policy and Tehran’s approach to future negotiations, arguing that in light of recent experience the West will find it more difficult to engage Iran on the nuclear issue and that any future deal would be even less viable. *Hamidreza Azizi* examines the impact of political radicalization on Iran’s Middle East policy, focusing on differences in the factions’ approaches to regional affairs and on how the U.S. maximum pressure campaign emboldened the hard-liners. *David Jalilvand* assesses the achievements and shortcomings of the resistance economy, illustrating how advances in economic diversification have led to a general belief among Iran’s political elite that a diplomatic deal is not the necessity it once appeared to be.

These contributions collectively take a nuanced look at the radicalization of Iranian politics. Such an approach is not only key to understanding Iran and its foreign relations, but is also essential for articulating effective policies toward Tehran in the years to come.

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⁴ Rouhani 2015.

⁵ Safi 2020.

⁶ Gallagher, Mohseni, and Ramsay 2019.

1

THE END OF MODERATION? SOCIAL AND POLITICAL RADICALISM UNDER HASSAN ROUHANI

Azadeh Zamirrad

Hassan Rouhani won the presidential elections of 2013 on a platform of moderation and prudence meant to mark the end of radicalism and extremism in Iran. Rouhani's project was intended to signal a significant departure from the politics of hard-line principlists under his predecessor Mahmoud Ahmadinejad. The presidency of Ahmadinejad had been characterized by intense factional divisions and power struggles, the steady rise of the Islamic Revolutionary Guard Corps (IRGC) in politics and the economy, a confrontational stance in talks on Iran's nuclear program, and the largest mass protests since 1979, a volatile mélange that shook the Islamic Republic to its core.

Rouhani sought to implement structural reforms, to calm the securitized domestic sphere, and to reach an agreement in the nuclear talks as a means to open the door to a fast economic recovery. Eight years later, however, his moderation project has essentially fallen apart. Factional tensions remain; power struggles between elected and non-elected power centers continue; and the fault lines between society and the state have deepened. Overall, Iranian politics and society have further radicalized.

RADICALITY IN A RADICAL SYSTEM

Radicalism in Iran is commonly associated with right-wing groups and factions. While the line between left and right is blurry – given that socially conservative groups in Iran often hold economic ideas more closely related to Western notions of the political left – radical thought itself is not an indicator of right-wing policies. Radicalism is devoid of a specific political ideology and not confined to a particular cause or issue.¹ Thus, it can occur across the entire political spectrum. What defines radicalism is the goal to bring about fundamental change to structures and systems,² essentially challenging the status quo. In that regard, the Iranian Revolution was a radical movement in nature and the establishment of the Islamic Republic a radical political project in itself. Moreover, radicalism is not limited to »bringing about change but controlling such change,«³ through peaceful or violent means. How to control change

has been a source of conflict in Iran's post-revolutionary landscape, which remains a highly contested space to this day.

Factional differences over the need for socio-political reforms in Iran have prevailed for decades. While Rouhani sought structural reforms to adapt Iran's political system to new social, demographic, and economic realities, he was not aiming to transform the state, but to modernize it to be sustainable. Well aware of increased public discontent and a largely alienated younger generation, he saw fundamental changes to the Islamic Republic as a necessary means for stabilizing it.

His assessment was not shared by what is generally considered the radical political spectrum in Iran today, which views the types of reforms proposed by Rouhani as a threat rather than a remedy, causing worry about the Islamic Republic following the path of the Soviet Union to its eventual collapse.⁴ Radical political forces in Iran see the revolution as an ongoing process in which the political sphere remains in a perpetual state of combat, both ideologically and physically. Thus, many groups and individuals in Iran that have been labeled radical, regard themselves as »revolutionary« (*enqelabi*) rather than extremist. Their attacks on the government often revolve around the accusation of Rouhani not being *enqelabi* and failing to uphold the ideals of the revolution. Criticism has been particularly severe among hezbollahi groups outside the institutional realm as well as among different political blocs and parties, such as the Endurance Front and the political platform JAMNA, the »Popular Front of the Forces of the Islamic Revolution.«⁵

Given the close economic and social links between many of these political actors, religious foundations, and extra-institutional militant groups, Rouhani's structural reform plans posed more than just an ideological threat to hardliners; they directly challenged their very power base. Consequently, Rouhani faced serious opposition against his governmental initiatives from the onset of his presidency.

1 Pugh 2009, p. 2.

2 Beck 2015, p. 19.

3 Giddens 1994, p. 1.

4 Rassam, and Vakil 2020, p. 3.

5 For a discussion of Iran's hezbollahis, see Posch in this volume.

DEMISE OF THE MODERATION PROJECT

As a Pragmatic Conservative with close ties to traditional conservatives and Reformists alike, many initially regarded Rouhani as a centrist figure well suited for bridging some of the factional cleavages in Iran and garnering wider public backing. His vast experience in the security apparatus, given that he had served as secretary of the Supreme National Security Council for more than fifteen years – was also seen as an asset in pushing for structural reforms. Rouhani's electoral success took root in a newly formed alliance between the Reformists and pragmatic conservatives. After the victory of these so-called moderates in 2013, Rouhani stated that it was time to leave extremism in policy making behind.⁶ The new president vowed to realize the promises he had made during his presidential campaign, which included promoting civil society and women's rights, de-securitizing the domestic sphere, pushing back against state control in cyberspace, and easing tensions with the international community.⁷ His biggest priority, however, would be the Iranian economy.

Rouhani's governmental initiatives showed some promising results early on with the successful conclusion of a nuclear agreement, the Joint Comprehensive Plan of Action (JCPOA), and the inflation rate falling to single digits for the first time in years. The JCPOA stood as the necessary door opener in the context of Rouhani's larger economic scheme. His government set out to expand trade relations, strengthen the private sector, reform an outdated banking system, and attract foreign direct investment. To this end, the influence of unaccountable power centers in Iran's economy had to be curbed. This included religious foundations and the IRGC, two major economic players exempt from disclosing their books or paying taxes. A higher degree of transparency and legal reliability was needed to create a business friendly environment to incentivize international corporations to enter the Iranian market.

Hard-liners regularly obstructed attempts by the Reformist-Pragmatist alliance to pass legislation to tax religious foundations and IRGC enterprises, and the government struggled to secure the necessary approval of the Guardian Council. Any efforts to further push for such initiatives came to a halt, however, when the Trump administration decided to no longer abide by the nuclear deal. Under a policy of maximum pressure, Washington imposed an unprecedented set of sanctions against Iran, targeting nearly every critical sector of the Iranian economy. The sanctions regime that aimed at reducing Iran's oil exports to zero and at severing Iran's banking relations led to a rise in irregular trade channels beyond governmental control.⁸ Under these conditions, the objective of increasing transparency in business transactions and curbing unelected power centers became unfeasible.

With the unilateral U.S. withdrawal from the nuclear deal and Iran's deteriorating economy, dissatisfaction with the government grew both within the factional sphere as well as among the general population, which had been promised a rapid economic recovery. Rouhani's second term in particular was accompanied by frequent calls for his resignation, along with other members of the government, leading to a number of ministers losing their post either through impeachment or resignation. In 2020 lawmakers only stood down from pushing for Rouhani's impeachment after supreme leader Ali Khamenei made it clear that he expected the cabinet to fulfill its responsibilities until the end of its regular term.⁹

Moderates ceded additional political ground when they lost their majority in the 2020 parliamentary elections, in which traditional conservatives and hard-liners secured a landslide victory, winning more than 75 percent of the seats. With the judiciary being headed by Ebrahim Raisi, who was appointed by Khamenei in 2019, far-right conservatives now control the legislative and judicial branches. While the Reformist-Pragmatist alliance struggled to mobilize voters given their poor social and economic record, it also faced institutional disadvantages deriving from the Guardian Council's role in the vetting process. The council disqualified a record number of potential candidates, including one-third of the sitting members of parliament, most of them from the moderate camp.

Meanwhile, the factional alliance between Pragmatists and Reformists suffered as Rouhani failed to meet expectations for socio-political reforms. Furthermore, top Reformist figures were largely passed over for senior positions in both of his cabinets, and Rouhani ignored calls to nominate even a single woman for a ministerial post. Despite his public pledges, it became increasingly clear that his policies were predominantly aimed at economic rather than political liberalization.¹⁰ As the alliance failed to yield tangible results on the social, economic, or foreign policy front, the moderation project effectively came to an end. To secure their own political future, Rouhani and other members of his faction gradually shifted their positions toward those of traditional and far-right conservatives during his second term in office.

SECURITIZATION IN THE DOMESTIC SPHERE

Rouhani's promise of a less securitized domestic sphere never materialized. While groups like Ansar-e Hezbollah continued to pressure the government outside the formal realm, institutionalized security actors, most notably the Intelligence Organization of the IRGC, managed to expand their power base. The IRGC's intelligence branch assumed a much larger role in domestic security, when it was restructured to counter »internal threats« in the aftermath of

⁶ President of the Islamic Republic of Iran 2013.

⁷ Tasnim News 2013.

⁸ Batmangheldij 2018.

⁹ President of the Islamic Republic of Iran 2020.

¹⁰ Zamirirad 2018, p. 6.

the 2009 mass protests that followed the controversial re-election of Ahmadinejad. It has since sidelined the Ministry of Intelligence, which falls under the authority of the government, while the president has no say or power when it comes to the IRGC.

Khamenei has further empowered the Intelligence Organization in recent years in the face of perceived rising domestic threats, allowing it to become a »full-fledged intelligence service.«¹¹ Today it assumes a broad range of responsibilities, including countering protests, combating terrorism, upholding moral codes, and defending national security by preventing a »soft war,« »sedition,« and »infiltration.«

The Intelligence Organization has repeatedly claimed success in dissolving infiltration networks allegedly connected to Western agencies. Foreign and dual nationals have come under particular attack. These types of arrests provide the Intelligence Organization with an effective tool for creating diplomatic obstacles for the government and also serve as bargaining chips vis-à-vis external actors, especially in the West. Iranians from a variety of backgrounds have been targeted as well, including journalists, political activists, and environmentalists, who were detained without due process or adequate access to counsel.

The Intelligence Organization has managed to maintain and expand its power despite a series of significant security breaches and failures such as terrorist attacks in Tehran carried out by ISIS in 2017, the downing of a Ukrainian passenger plane by the IRGC itself in 2020, killing 176 civilians, and the targeted killings of Quds Force commander Qasem Soleimani and nuclear scientist Mohsen Fakhri-zadeh in 2020. The list also includes several acts of sabotage against Iranian infrastructure, including an attack on the nuclear facility at Natanz. The IRGC Intelligence Organization has used the heightened sense of insecurity as grounds for further leeway domestically.

Rouhani and Intelligence Minister Mahmoud Alavi have repeatedly criticized the Intelligence Organization, accusing it of using »infiltration« as a pretext to arrest opponents and create an environment of intimidation. As Rouhani began to lose political ground domestically, however, the government's criticism became less pronounced. Meanwhile, ongoing maximum pressure by the United States upped the need for Iran to present a unified front.

Beyond the growing profile of the Intelligence Organization, the IRGC stands to play a larger role in Iranian politics. The idea of increased involvement by military figures in politics has received a good deal of attention in recent years. Prominent hardline voices such as Hossein Allahkaram, head of the coordination council of Ansar-e Hezbollah, have suggested that a military commander would be better suited as president than a civilian,¹² which in the history of

the Islamic Republic has almost exclusively been a cleric. Several political figures with an IRGC background are expected to run in the 2021 presidential elections, such as Saeed Mohammad who until March headed the Guard's Khatam al-Anbiya Construction Headquarters. There are also potential candidates who reached the rank of an IRGC general in the past including previous defense minister Hossein Dehghan and the secretary of the Expediency Council, Mohsen Rezaee. While former members of the IRGC have held several political positions before, most prominently Ahmadinejad, so far no IRGC general has assumed the presidency.

IMPLICATIONS FOR THE SOCIAL REALM

Rouhani's presidential terms have been accompanied by frequent protests, including labor and teacher strikes. Periodic demonstrations have been the result of a multitude of grievances, such as widespread corruption, high unemployment rates, the rising cost of food and gasoline, the infringement of women's rights and the general lack of economic prospects, particularly for the younger generation. As Iran faced two nationwide mass protests during 2017/18 and 2019/20, many demonstrators went beyond criticizing the government and openly rejected the entire political system, at times calling for Khamenei's resignation or even death.

Unlike the Green Movement of 2009, in which Reformists played an integral role, recent mass protests have been disconnected from the Iranian factional sphere. Reformists in particular have lost much of their social base and mobilizing power. This was apparent in the 2017/18 demonstrations, during which protesters chanted slogans that explicitly rejected both Principlists and Reformists alike. Given the Reformists' limited success on the socio-political front in the past few decades, a noticeable part of the population no longer views their movement as a viable channel to seek change.

Putting factional politics aside, a number of Iranians, both inside and outside of the country, have called for a referendum on the future of Iran, in some cases urging Khamenei to resign immediately. In 2019 fourteen Iranian activists publicly declared their rejection of the Islamic Republic as a whole and stated their firm belief that reforming the political system would be impossible.¹³ This wave of frustration and protests was met with the most violent crackdown in decades. During protests in November 2019 alone, following rising fuel prices, at least 300 people were killed and several thousand detained.¹⁴

Political activism has been further obstructed by limited access to social media and popular messenger platforms, such as Telegram, which was banned in 2018. The most notable change in Iran's digital sphere, however, has been

¹¹ Rassam, and Vakil 2020, p. 19.

¹² Etemad Newspaper 2018.

¹³ See Gooya 2019.

¹⁴ Amnesty International 2020.

the establishment of a National Information Network (NIN), a digital space under full control and supervision of the state. Started in 2011, the project was successfully put to use during the November 2019 protests, shutting down the internet for nearly a week, following a decision by the Supreme National Security Council. Users nationwide experienced a near-total internet blackout, disrupting their means of communication and mobilization. Large parts of the Iranian population could no longer access foreign platforms through VPNs, as only NIN remained accessible, hosting Iranian websites and services exclusively.¹⁵ The action was the most wide-scale internet shutdown in Iran's history and a vivid demonstration of the restrictive capacities of the state apparatus under the national network.

Iran's dire economic conditions have additionally strained civil society. The Trump administration's maximum pressure campaign exacerbated the situation by inflicting an unprecedented sanctions regime on Iran with no intention to shield ordinary Iranians from the fallout. The sanctions not only drove up the already high inflation rate and further devalued the Iranian rial, they also impacted humanitarian trade, severely limiting access to much-needed medicine and pharmaceuticals already in high demand even before the Covid-19 pandemic.¹⁶

The sanctions also restricted the space of societal actors by undermining the economic base of the middle class, the backbone of civil society in Iran, which saw their assets and savings erode. As the overall purchasing power of Iranians declined, social activism became too costly for many to sustain. A glaring example of the negative impact of U.S. sanctions is the decreasing capacity of Iranian lawyers to take up cases of human rights violations and to defend protesters and activists pro bono. Many defense lawyers feel discouraged and are suffering from palpable economic hardship.¹⁷ Against this background, the overall sphere of social counteraction to resist state-induced pressure has become more limited.

OUTLOOK

The factional sphere in Iran is changing. Radical forces have been on the rise politically, while the moderate alliance has lost significant political ground. Reformists in particular find themselves in an unfavorable position for the presidential elections in June, given the deterioration of their voter base, a vetting process that discriminates against moderate factions to begin with, and their lack of tangible sociopolitical or economic achievements. As things stand, traditional conservatives and hard-liners have the best prospects of winning the presidency, having already secured both the parliament and the judiciary.

A number of factors contributed to the moderates' demise, including insufficient investment in political liberalization, long-standing institutional constraints, pushback by hard-liners, and the expanded power base of part of the security forces. While U.S. policy had no direct bearing on domestic actors in Iran, maximum pressure affected the overall environment in which moderate and radical forces have competed for power.¹⁸ U.S. sanctions made irregular trade channels indispensable for the Iranian economy and thus obstructed necessary structural reforms aimed at curbing the influence of major economic players like religious foundations and the IRGC. As Rouhani's moderation project slowly fell apart, pragmatic conservatives gradually moved further toward more radical positions themselves.

Changes in the factional balance of power are not out of the ordinary in the history of the Islamic Republic. However, the current factional shift is occurring at a critical time – as the question of succession looms on the horizon. If radical forces manage to consolidate their power, they would be well-positioned to determine the next supreme leader, with implications far exceeding those of regular electoral cycles.

Current developments notwithstanding, Iran's social and political spheres remain highly dynamic spaces. The rise of radical forces is not predestined to end in an entirely closed-off system or lead to a military state, nor does the failure of the Reformist-Pragmatist alliance necessarily mean the end of moderation in Iranian politics. Whether Iran's factional sphere will continue along its current path or once again gravitate toward some variation of reformism, remains an open question. The recent political shake-up may even lead to the emergence of an entirely new political current. Given the present trajectory, the Iranian leadership is bound to think about new avenues for political mobilization as long as it holds to its claim that the political system rests on a popular base. It has commonly regarded Iranians casting their ballots as a reflection of general support. At this point, the mobilizing capacity of Iranian factions is dwindling, however, making it more difficult to secure a high voter turnout.

External pressure, the solid power base of unaccountable actors in the domestic realm, and the shrinking space for civil society action to create an effective counterforce have contributed to a more securitized and radicalized social sphere altogether. While hard-line voices have continued to actively obstruct change, it is increasingly the social space where radical demands are publicly expressed and fundamental transformation is sought. In the future, Iran is likely to see less polarization along traditional factional lines and much more distinctly between society and the state.

¹⁵ Padmanabhan, Fatemi, Filastò, Xynou, and Basso 2019.

¹⁶ Setayesh, and Mackey 2016.

¹⁷ Mostofi 2020.

¹⁸ Zamirirad 2019.

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RADICAL IRAN: GENERATIONAL CHANGES AND OUTLOOKS

Narges Bajoghli

Once again in Iran, those who position themselves on the more »radical« end of the political spectrum in the Islamic Republic are ascendant. A similar turn to the right is taking shape in Iran as has occurred in various other countries around the world, including in the United States with the election of Donald Trump. Trump's withdrawal from the nuclear deal with Iran in 2018 and reimposition of stringent sanctions as part of a »maximum pressure campaign,« essentially a war on multiple fronts – economic, cyber, covert, psychological, propaganda – has helped produce a mirror reaction within Iran's political establishment, which has grown increasingly more securitized and defensive.

Those occupying the radical tent are socially conservative but more to the left economically than their socially liberal and economically neoliberal counterparts who have often tried to mend ties with the west.¹ Various elements within the radical camp have challenged political power through the years. Mahmoud Ahmadinejad rose from the broader radical tent to become president in 2005. But the various corruption and graft scandals that marred those in his orbit have created a rift between his supporters and those in the younger, third generation of radicals in Iran. It is this younger third generation of radicals who are currently vying for power across the social, cultural, and political terrain of Iran.² As much as the current dynamic underway in Iran is an ideological one over competing legacies of the revolution, it is also a generational battle for power as in other places around the world. To appreciate this rift, one must

understand the generational differences, who constitutes the younger generations in the radical tent, and this younger generation's worldview for Iran.

GENERATIONAL DIFFERENCES

Studying generational change has long posed problems for social scientists, and how to classify generations remains a contested issue.³ In the Iranian context – given the 1979 Iranian Revolution and the subsequent eight-year war with Iran (1980–88) – generational markers are slightly different for the general population than within the power structure of the post-revolutionary state.⁴ In post-revolutionary Iran, generations are largely defined and culturally marked by the decade of birth – *daheye shast*, *daheye haftad* (the '80s generation, the '90s generation) – and so on.⁵ Yet, this categorization does not extend to the main political actors in Iran. With Iraq having invaded Iran on the heels of the revolution, the eight-year war that ensued became a generational signifier for those who fought in it despite being from different generations. I categorize these fighters, many of whom went on to become members of the political, business, and cultural elite, as the first generation of the revolutionary state given that they are often referred to as a collective that stands in for generational units: »the war front guys« (*bache-haye jebhe*) or »the guys of war« (*bache-haye jang*). The second generation comprises the men who were too young to serve at the front but who joined the Basij and Islamic Revolutionary Guard Corps in the 1990s. The third generation are those who enlisted in the Basji around 2005, the year Ahmadinejad was elected president, under a new framework constructed by the supreme leader, Ayatollah Ali Khamenei.

Though it is often noted in western public culture that Iran's majority young population is pro-western, this simplistic blanket categorization ignores an important cohort

- 1 The use of »radical« here does not point to challenges to the post-revolutionary state, but to contingents within the political order who argue for a return to the radical roots of the 1979 Revolution itself.
- 2 A note on methodology: The generational shifts and political outlooks drawn on here are based on my ethnographic research with different generations of men in the Islamic Revolutionary Guard Corps and the paramilitary Basij in Iran. I began the research in 2005 and conducted participant-observation until 2015. In the ensuing years, I have written a book based on this research, focusing specifically on generational changes in Iran's armed forces and its members political and cultural outlooks (2019); directed a documentary about the generation of war veterans (2013); led an oral history project of veterans and those exposed to the rampant use of chemical weapons against Iran and Iraqi Kurds during the Iran-Iraq War (1980–88); and am currently in the process of research among the first generation of veterans exposed to chemical weapons for my second book. In addition to my foundational ethnographic research in Iran over a decade, I continue to follow and research the work of my interlocutors and others who occupy this world.

- 3 Central to understanding generational shifts is the work of Karl Mannheim, who in his still influential study of »the problem of the generations« (1923) shows that people are influenced by what he calls »fresh contact« notable events that in their youth involve them actively. These experiences lead people, in turn, to become agents of social and cultural change, shaping future generations.
- 4 Bajoghli 2019.
- 5 For more on generational changes in post-revolutionary Iran, see Behrouzan 2016 and Khosravi 2009.

in the younger generation who are regime loyalists and now rising in various spheres within the power structure. This cohort, mainly born in the 1990s, came of age as Khamenei sought to consolidate power amid the rise of the reformist movement, which rode into electoral power with enthusiasm among Iran's young population and women across the generational spectrum.⁶ Khamenei, in response to this surge in youth support for the reformists and in an attempt to create a loyal base for himself, eventually changed the training curriculum for young members in the Basij, the Islamic Republic's largest paramilitary organization. The ideological and cultural focus of the Basij shifted gradually in the ensuing years to become one that pledged loyalty to Khamenei, and in turn, to his vision for the Islamic Republic above competing ones.

THE REVOLUTIONARY GUARD AND THE BASIJ

Although the Revolutionary Guard and the Basij were created following the 1979 revolution, the Iran-Iraq War quickly turned them into central institutions in Iran. The founding of the Revolutionary Guard dates to the early days of the Islamic Republic. Three months after the shah fled Iran in January 1979, the Islamic Republic's Central Committee (*komiteh markazi*) established the corps with the mission of defending the revolution against »counter-revolutionaries.«⁷ The revolution's leader, Ayatollah Ruhollah Khomeini, did not trust the Artesh, Iran's professional army, believing it still loyal to the shah and capable of plotting a coup d'état against him. Thus, while the Artesh defended the nation's territory and boundaries, the Revolutionary Guard was charged with safeguarding the revolution, internally and externally, as outlined in Article 150 of the Constitution.⁸

Recruitment for the Revolutionary Guard began soon after its foundation, with many members coming from families belonging to the lower and lower-middle classes of revolutionary Iran.⁹ Acceptance was primarily based on recruits' ideological and political commitment to the Islamic Republic; only the most loyal could join. Of importance, unlike the military in Syria and pre-2003 Iraq, the Revolutionary Guard was not and is not controlled by one tribe, ethnicity, or family, but by men loyal to the Islamic Republic.

Created in the aftermath of the revolution, the Basij paramilitary organization (*sazman-e basij-e mostazafin*, literally the »Mobilization of the Oppressed«) was charged with

recruiting volunteer fighters for the war front. The organization trained hundreds of thousands of men and women in the use of weapons. By the late 1980s, some three million volunteers had been inducted, and one-third of them saw action on the front against Iraq. Today the Basij remains one of the most important centers of state power, citizen participation, and citizen control in the Islamic Republic. At the end of the war, it was unclear how best to utilize the Basij in postwar society. In the early 1990s, the state tasked the Basij with confronting soft power strategies from the west. Numerous research centers and collectives were formed to study the different soft power strategies western governments developed to confront Iran, from sponsoring satellite radio, television, and internet stations to human rights advocacy to capacity building for NGOs to providing material support to different civic and opposition movements.

The Office of the Supreme Leader, along with more conservative members of the Revolutionary Guard and Basij, decided to intensify the training programs of the Basij in an attempt to create a more loyal cadre of supporters, in particular among the younger generation of loyalists. The impetus for this shift stemmed from when more than half of the Revolutionary Guard and Basij members voted for reformist Mohammad Khatami in the 1997 presidential elections. Khamenei saw this vote for reform in such large numbers as a direct threat to his rule. Basij training programs introduced new ideological classes, with intense training and education about the Islamic Republic and Islamic society in accordance with the supreme leader's interpretations.

The goal was to create a stable voting bloc to back more hardline candidates and to avoid landslide victories by reformists as in 1997. These foundational changes are one of the main reasons that the third generation of Basijis tend to back the current supreme leader, whereas the war generation tends to revere Khomeini and support his family, who have become reformists. It was this younger generation of Basijis that was called upon to suppress the Green Movement following the controversial 2009 presidential elections and to »cleanse« its own ranks by purging reformist members.

Demographically, members of this third generation of radicals tend to come from lower-middle class and working-class sectors of society, often from pious families. Today they view the financial corruption of the country's political elites as a betrayal of the revolutionary state's core promise: building a just society for the marginalized. In opposition to this status quo, the Justice Seekers (*edaalat khaa-haa*) represent one contingent in the radical tent attempting to make inroads within the electoral system. They understand justice to be about correcting economic inequality and in line with the values of the third Shi'a imam, Hussein, as espoused by Khomeini during the revolutionary period. The issue of corruption stands as a major fault line between this younger generation of radicals and their elders in the same camp. The younger members see their elders as hav-

6 For more on reformists in Iran, see Adib-Moghaddam 2006; Kadivar 2013; Rivetti 2020; Sadeghi-Boroujerdi 2019.

7 For an in-depth history of the IRGC, see Ostovar 2016.

8 During 1979/80, the new government purged, dismissed, imprisoned, or executed 12,000 Artesh personnel. In total, between 30 and 50 percent of the officers between the ranks of major and colonel were removed. In addition, approximately 60 percent of the army's original 171,000 personnel deserted after the revolution. For more on this, see Chubin, and Tripp 1988.

9 For more on the socioeconomic class dynamics of these groups as well as those loyal to the post-revolutionary state, see Bajoghli 2019.

ing been corrupted by money and having lost touch with the ideals of the revolution. That is why their ire is oftentimes directed at one another more than at outsiders.

POLITICAL POWER PLAYS

The reformists were systematically pushed from political power in the lead-up to the 2005 presidential election, which Ahmadinejad won. Seeking re-election four years later, Ahmadinejad went head-to-head against Mir Hossein Mousavi and Mehdi Karubi, candidates whom the reformists rallied behind. When Ahmadinejad was quickly declared the winner in June 2009, protests erupted fueled by suspicions of fraud. Known as the Green Movement, the street protests in the ensuing months were at the time the biggest since the 1979 Revolution and rattled the ruling elite. From 2009 to 2011, the Islamic Republic not only violently suppressed the protests, but also imprisoned many reformist leaders, systematically went after students, women, and civic leaders, and securitized the domestic sphere. Reformists were sidelined not only from political power, but in the cultural and social arenas as well. In short, the past decade has witnessed an all-out assault on leaders, organizers, and members of collectivities aligned and allied with the reformists. Hassan Rouhani's election as president in 2013 was an attempt by voters to keep some semblance of change through the reformist/moderate camp alive. Soon thereafter, however, Trump's exit from the JCPOA and his reimposition of sanctions and warlike stance against Iran helped create the circumstances favorable for the return of conservative politics in Iran.

In effect, what occurred over the past decade was a hollowing out of generational turnover in the reformist tent. Khamenei's green light to suppress the students' and women's movements and the reformist movement after the 2009 uprisings resulted in leaders being imprisoned, sent into exile, or silenced internally and large-scale organizing made too risky, as became evident in November 2019, when nationwide protests over the cost of living were violently repressed. At the same time, money and resources were made available to youth aligned with Khamenei. Basij student organizations, religious groups, and *hezbollahi* youth more generally, both men and women, reaped the resources and opportunities for professional and economic growth.¹⁰ The third generation of radicals in Iran now find themselves with an open arena for entering the political field and with many resources at their disposal.

THE RADICAL WORLDVIEW

The radical tent has long held the view that the west wants to weaken the Islamic Republic. In their eyes, »maximum pressure« by the United States – concurrent with the European Union doing little to provide relief from overwhelming sanctions and with policymakers at the helm in

Washington having long argued for regime change in Tehran – posed an existential threat to the Islamic Republic. The radicals, especially those of the third generation, operate from a framework whereby the domestic sphere is a battleground on which western countries are attempting to persuade Iranians against the Islamic Republic. They view the west with utmost suspicion and assume, based on much historical precedent, that western powers seek to subjugate non-western countries for political gain. Under circumstances created by the Trump administration, whereby the Islamic Republic is engaged in a de facto war with the United States, the young radicals see little incentive to formulate Iran's foreign policy in favor with the west.

In addition to being against the vast economic inequality of the present in Iran, those considered »radicals« currently espouse the following redlines: threats to Iran's sovereignty and independence; imperialism in the region; and opposition to the Islamic core of Iran's political system.¹¹ The first two of these tend to go hand-in-hand for this contingent. Opposition to them are two tenets of the revolution emphasized in Iran, especially by those comprising Iran's pro-regime ranks. As historians have argued, the 1979 revolution in Iran should be understood within the longer trajectory of struggles for national liberation in the country's history.¹² As such, the 1979 Iranian Revolution, at its core, was an anti-colonial revolution for independence from being a pawn in imperial power plays, which Iran had been subject to for over a century. This is fundamentally why the leaders of the Islamic Republic demand that Iran be treated as a sovereign nation and refuse to be cornered into submission. Although anti-imperialism from the revolution onward has mainly manifested itself as anti-American, there has recently been pushback from across the political spectrum, including the radical tent, of any potential long-term deals that might indebt the country to China.

Regionally, especially given the U.S. stance vis-à-vis the Islamic Republic and Israel's expansionist policies, Tehran views not only the U.S. role in the region as untenable for an independent Middle East, but also sees Israel as a settler-colonial state aimed at the continued division of the Middle East in order to retain primacy. In this sense, Iran's regional politics of empowering groups such as Hezbollah, the Houthis in Yemen, and Iraqi groups also needs to be understood in an anti-imperialist light. Iran and Hezbollah in Lebanon have developed their own weaponry, effectively becoming the only forces in the Middle East capable of militarily frustrating Israeli and U.S. long-term strategies,

¹⁰ In Iran, *hezbollahi* does not refer to members of Ansar-e Hezbollah, but is used colloquially to refer to the outwardly pious and those who tend to align with Khamenei. See Posch in this volume.

¹¹ The anti-imperialism of this faction includes stances against not just the United States and Israel's regional expansionist policies, but also against China and Russia. Despite this, they recognize the value of Russia in Syria and the importance of China as an alternative to a U.S.-dominated international system. So, while they may back alliances in the region with either of these states, when it comes to Iranian affairs they remain adamantly against any power having sway.

¹² See Abrahamian 2019, which is part of his keynote address at *The Iranian Revolution at 40*, a 2019 conference at the University of Pennsylvania, and Sohrabi 2018.

the regional vision of this contingency is a Middle East able to resist foreign imperial designs.

POLITICAL FORMATION OF THE THIRD-GENERATION RADICALS

Four key events have shaped the worldview of Iran's third generation of radicals: suppressing the Green Movement; fighting in the Syrian war; confronting the Trump administration's »maximum pressure« policy; and avenging the assassination of Gen. Qassem Soleimani.

As stated above, the third generation of radicals received training, first and foremost, to confront soft power tactics of the west. Iran's military and security apparatus went into high gear to confront what they interpreted as multifront attacks against the political system when the Green Movement emerged in tandem with the launch of the first cyberweapon to cause kinetic damage, Stuxnet, which targeted Iran's nuclear program and was discovered in 2010. For the third-generation radicals, the experience of suppressing the Green Movement represented their first action on the domestic battlefield. Not only did they deal violently with protesters in the streets, they also imprisoned leaders and moved to push reformists out of social and cultural positions. This, their first large-scale operation, gained them many enemies, including among the older generations of political elites and reformist and moderate members of the Revolutionary Guard. Some of the opposition these younger radical actors face today from within the Islamic Republic is a remnant of this.

The Arab Spring movements that erupted across the region followed on the heels of the Green Movement, in 2010/11. As the Syrian uprising turned into a bloody regional and global war of influence, members of Iran's radical third generation were sent to Syria in various capacities, receiving battlefield experience in a regional war. Much of the criticism aimed at the young generation of radicals by the first generation of Revolutionary Guard and Basij members who fought in the Iran-Iraq War was that the younger generation had never fought on the frontlines of war, and thus were untested and purely ideological or opportunistic. The Syrian conflict changed that for some of them, but more than simply gaining battlefield expertise, the younger generation also got a firsthand look at dirty wars and broad regional and international maneuvering for influence. Just as the Iran-Iraq War gave the nascent Revolutionary Guard experience in how the U.S. conducted proxy wars, in Syria the younger generation confronted proxy war, engaged in a hot war with Israel, fought the Islamic State, and experienced the myriad relationships developed by the Revolutionary Guards and Quds Force across the region. More than anything, these experiences reinforced for them that the broader fight in the region, especially after the advent of the Islamic State, is to contain Iran and Hezbollah, that is, the forces standing up to the United States and Israel. This has given third-generation radicals the deep sense of purpose that existential crises can often engender for advancing state projects.

Iran's younger generations, irrespective of political outlook, had their first »fresh contact« with U.S. imperialism with Trump's election and his subsequent withdrawal of the United States from the JCPOA, his administration's reimplementation of harsh sanctions against Iran, the imposition of the Muslim travel ban, and the assassination of Soleimani. Despite forty years of messaging by the Islamic Republic about the United States as an imperial power, large numbers of Iranian youths continued to vote for reform and engagement with the west. In opinion poll after opinion poll, despite the regime's tough rhetorical stances against the United States, Iranians remained the most pro-American population in the Middle East. Trump fundamentally changed that.¹³ His administration's actions – from sanctions to travel bans to deporting Iranian students with valid visas from the U.S. – targeted not only the Islamic Republic but the Iranian people. They generated much anger across different sectors of society and accomplished what forty years of messaging by state media had failed to do: directly give Iran's majority young population their first direct contact with U.S. imperialism. For the third generation of radicals, the actions of the Trump administration, especially Soleimani's assassination, vindicated their worldview of the west, in particular what the supreme leader had touted for years about the United States: Not only can it not be trusted, it also does not want a sovereign and independent Iran to exist.

PRODUCING UNITY

In confronting the challenges from below over the years, the Islamic Republic invested heavily in media production. For regional audiences, it crafted a message emphasizing a strong commitment to the Shi'a values of fighting for the oppressed and seeking justice. The actions of the »axis of resistance« – the alliance of Iran, Iraq, Syria, Yemen, and Lebanese Hezbollah aligned in opposition to Israel, Saudi Arabia, and the United States – is presented to Shi'a audiences across the Middle East as a sectarian fight and to non-Shi'a audiences as a fight for independence and against U.S. imperialism and oppression. The protracted war in Yemen, with its attendant harrowing images of large-scale malnutrition, overall human misery, and the Trump administration's support of Saudi Arabia in the fight, only served to further Tehran's broader narrative of Iran and its partners against the oppressors for targeted audiences.

Tehran's media and cultural messaging for its domestic audience has tended to focus more on nationalism than Shi'a symbols.¹⁴ Though the campaign met with initial success, especially in depicting Soleimani as a national hero, trust in the Revolutionary Guard ruptured in January 2020 when the government initially denied responsibility for the downing of Ukrainian International Airlines Flight 752, killing all 176 passengers and crew. The incident occurred shortly af-

¹³ Gallagher, Mohseni, and Ramsay 2019.

¹⁴ For a more in-depth look at how this discourse developed, see Bajoghli 2019.

ter the civilian carrier took off in Tehran on 8 January, five days after Soleimani's assassination and on the night that Revolutionary Guard forces fired missiles against Iraq's Ayn-al-Assad military base, which housed U.S. troops. That event, coupled with growing resentment toward political leaders for a myriad of issues, including rising inflation and a decreasing standard of living, complicated matters domestically.

In addition to trumpeting nationalism, the Islamic Republic has also adeptly crafted a narrative with the message »We know you are frustrated by us, but be careful what you wish for.«¹⁵ Examples are often cited about how unsafe neighboring countries are and how safe Iran is in contrast (explosions and fires across the country in the summer of 2020, which Iran has blamed on Israeli cyberattacks, are meant presumably to create psychological warfare and generate a sense of unsafety). In Syria during the war, President Bashar al-Assad, beyond the use of sheer force and violence, has managed to hold on to power by obtaining the buy-in of certain sectors of society by promising stability in the face of an opposition depicted as unhinged and crazy.¹⁶ Iran has used similar tactics for some time, often with the help of opposition groups themselves. It is not difficult for the leadership to paint the country's biggest armed opposition, the Mujaheddin-e Khaleq, a cult, as a »crazy« alternative. With financial and logistical backing from Saudi Arabia and the United States, the group is an effective foil for casting doubt on all opposition groups, and although many resources have been directed at former crown prince Reza Pahlavi, the evidence of support for him in Iranian society remains scant, limited to occasional slogans in street protests.

With the effective suppression of the Green Movement and the continued securitization of the domestic sphere, there is little room for the reformists or other domestic groups to attempt to build movements for change. Thus, although the radical and conservative wings of Iran's political establishment may not have large-scale popular support, that they have effectively dominated the political terrain for the past decade has resulted in a diminished organized opposition for the moment.

LOOKING AHEAD

Despite Iran's strong position in the region, domestic dynamics are the biggest puzzle for the political establishment to piece together. Popular revolutions, once successful, are notoriously difficult for post-revolutionary states to demobilize. The Islamic Republic has had to find ways to incorporate, work with, or suppress various mobilizations from over the past forty years. Brute suppression alone does not work for long against a politically conscious population like Iran's, which is used to fighting for change in

the streets, through art and literature within in civil society, and in the universities. Though the suppression of the last decade has been particularly methodical, it is not a foregone conclusion that Iranians will cease to clamor and work for change. Nonetheless, given the broader war in which Iran finds itself, especially against Israel and the United States – which have drawn a redline in regard to Iran's military capabilities given the threat it poses to them and their interests in the region – the Islamic Republic has shown that it will, under current circumstances, deal with street uprisings as a battlefield in that war. The violent crackdown and repression of the nationwide economics-driven protests in November 2019 are evidence of this, as is the willingness to block internet access to stymie communication.

The radical youth in Iran will eventually have to moderate their stances because they do not enjoy popular support in the country and must rely on the support of the Revolutionary Guard, which for a myriad of reasons, not the least of which being its business dealings, desires a stable environment and good relations with its citizenry. Given this, the Revolutionary Guard will require this younger, radical contingent to soften their outlook on social, cultural, and other domestic issues. The organization simply cannot fight against the majority of the population on social and cultural issues, which poses the biggest threat to their rule. Where the organization will draw its redlines remains unknown.

Looking forward, COVID-19 and the global economic depression hamper the ability to reliably predict even short-term possibilities. It is unclear how COVID-19 will play out, domestically, regionally, or globally. As of early 2021, the Islamic Republic – entrenched in Syria, Lebanon, and Iraq – remained confident in its positioning in the region. It faces its biggest obstacle domestically, as it often has, but if confronted with ongoing »maximum pressure« and the general desire of Israel, Saudi Arabia, and the United States to weaken it, the Islamic Republic will respond with overwhelming force to any domestic unrest. The long-term implications of taking such action cannot be determined.

As for the third generation of radicals, they share frustrations with many of their cohort around the world: deep discontent with the ruling elites of their countries and a desire to take the reins of power from those they view as having held on to them for far too long. In the Iranian context, the radicals of the Islamic Republic have resources at their disposal and are able to wield social and digital media in ways that the older generations cannot. Nonetheless, they face a major obstacle that will not be easily overcome: a population that does not agree with their social and cultural outlook and their vision for the future of the country.

¹⁵ For more on how this kind of messaging works, see Bajoghli 2019. To understand this phenomenon and its implications for political change, see Wedeen 2019.

¹⁶ See Wedeen 2019.

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3

IRAN'S HEZBOLLAH: A RADICAL AND DECISIVE POLITICAL CURRENT

Walter Posch

»Hezbollah«, the political current (*jereyan*) to be debated in this paper, represents a political paradox in Iranian politics. On the one hand, it is hard to imagine that this current could emerge with great success from free and fair elections, but on the other hand, one must admit that it has been essential to the success of Iran's Islamic Revolution and, as it claims, remains essential for the revolutionary system to maintain its grip on power.¹ The current takes pride in how others scorn its adherents as »radicals« and bemoan the organization's (over)reliance on violence. What permits them influence beyond their sheer numbers and their violence is of course the nature of the »revolutionary« Iranian system, which does not make space for all the political currents in the country.² In fact, the political field in Iran is limited to Islamist followers of the revolution's leader, Imam Ruhollah Khomeini (1902–1989), plus some minor, tolerated currents that participated in the revolution but remain politically emasculated. The four main currents are traditional conservatives and traditionalists (the right); modernist conservatives (moderates), the Islamic left (later the Reformists), and Hezbollah, a radical current that views itself as at the center of politics but is regarded by others as rather marginal.³ Western observers are aware of Hezbollah but generally underestimate its importance and misread its political posture, as evidenced by the use of such misnomers as »extremist,« »(neo)-conservative,« or simply »radical.« While not entirely unfounded, these descriptions are simplistic labels for a fluid and vast political current or movement that views itself as »revolutionary.«⁴

Hezbollah only occasionally makes itself visible, as when it joined a coalition with other groups and reorganized as Principalists (Osulgarayan) in support of President Mahmoud Ahmadinejad in the early 2000s. In Iran, the current is referred to as Hezbollah and its adherents as *hezbollahis* (those who belong to the Party of God), a term from the Quran (Surah al-Mujadilah 58:22). Like-minded political movements in the Middle East are either identified by their proper names, such as Harakat Hizbullah al-Nujaba in Iraq, or the

name of their country is cited, such as Hezbollah-e Lobnan, that is, Lebanese Hezbollah. Unlike the loosely organized groups in Iran, these Hezbollah organizations have tightly organized cadres and are roughly structured along a Leninist party model. The political current in Iran is perhaps the most important representative of radical Islam in the country. Its history predates the revolution, and the current will likely outlive the Islamic Republic. Hezbollah's deep historic roots testify to the current having proven itself to be highly adaptable.

THE LONGSTANDING TRADITION OF RADICALISM

The political tradition relevant to this discussion has its sociological roots in Iran's lower-middle and lower classes, that is, the lumpenproletariat (*lompenhâ*), or more traditionally, *lutis* or »rascals,« typically violent and often criminal urban gangs of young men who follow strongmen and are bound by economic interests and a code of honor (*javanmardi*). These gangs still exist today as social and largely criminal elements.⁵ Olmo Gözl has recently reviewed the different Marxist, nationalist, and Western readings of the interchangeable terms *luti* and *lompen*.⁶ Refining Marx's class theory with insights from Theodor W. Adorno and Max Horkheimer, Gözl reaches two important conclusions of significance here. First, at every historic juncture, all the political currents in Iran have relied to a significant degree on the *lutis'* capacity for mass mobilization and street fighting. Thus, some leaders of the *lutis*, for instance Sha'ban »the Brainless« Ja'afari (1921–2006), sided politically with the shah, while others, such as Tayyeb Hajj Reza (1911–1963), supported Khomeini during the failed 15 Khordad uprising in 1963.⁷ Second, the organizations and networks of the *lutis* should be understood as rackets. This helps to explain the contradiction of some *lutis* becoming wealthy but retaining a lower-class cultural style along with certain class behaviors, allowing them to maintain strong connections within the *luti* milieu.

1 For an earlier article on this topic, see Posch 2016.

2 For a historic-critical overview on all political currents in Iran see Darabi 2012; Barzin 1998; Moslem 2002.

3 The breakdown is from Barzin 1998, pp. 53–67. For a notable difference, see Buchta 2000, pp. 11–22.

4 Cf. Barzin 1998, pp. 49, 50, 53–56.

5 The role of criminal and semi-criminal networks in mass mobilization in Iran is well known. See Floor 1971; Abrahamian 1969. For a contemporary but unfortunately more anecdotal account, see Noqrehkar 2016.

6 Gözl 2020.

7 Ibid. pp. 186, 187.

A purely ideologically motivated organization also emerged from the luti milieu. In 1946 a charismatic radical student of theology named Mojtaba Mir-Louhi (1924–1956), who called himself Mojtaba Navvab Safavi, recruited young men of low social standing to organize Iran's first radical Islamic organization – the Fedayan-e Eslam (Self-Sacrificers or Devotees of Islam).⁸ The Fedayan had a tenuous relationship with the traditional clergy under the last globally accepted *marja'-e taqlid* (source of emulation),⁹ the Grand Ayatollah Seyyed Hoseyn Borujerdi (1875–1961), whom Fedayan followers saw as an appeaser of Pahlavi power and secularism in the society. In the 1950s they entertained a formal relationship with Ayatollah Abulqasem Kashani (1882–1962), who became their *marja'* in the sense that they followed his fatwas, provided they were in line with their thinking. In essence, Fedayan adherents saw themselves as Islamist activists with guns. High-level assassinations became their trademark.

The eminent secular scholar Ahmad Kasravi (1890–1946) and his secretary were the Fedayan's first victims, killed in 1946, the year of the group's founding, because in their view, Kasravi had insulted Islam. In 1949 they killed crown minister Abdo I-Hoseyn Hazhir (b. 1899) after a previous attempt to kill the shah had failed. Two years later, they conducted their most important assassination, targeting the prime minister, Lt. Gen. Ali Razmara (1901–1951). Razmara had assumed dictatorial powers, side-lining Shah Mohammad Reza Pahlavi (1919–1980), who had appointed him, and sought Western economic aid for Iran's oil industry. Razmara's assassination allowed the shah to then appoint the aristocrat Mohammad Mossadegh (1882–1967) as prime minister. Public pressure from Ayatollah Kashani's followers forced Mossadegh to pardon Razmara's killer, Khalil Tahmasebi (1924–1955), and to greet him in his office. Thus, the Fedayan, although marginalized in the political system, not only got away with murder – in fact multiple murders – but also acquired recognition (of a sort) from the powers of the day. Despite this, there can be no doubt that the shah, Mossadegh, and even Kashani saw them as nothing more than low-class hitmen.

What matters here is that Navvab Safavi's radicalism impressed a large number of clerical students in Qom and elsewhere, including future leaders of the Islamic Republic, among them Ali Akbar Hashemi Rafsanjani (1934–2017) and Seyyed Ali Khamenei (born 1938).¹⁰ He left such an impression that as late as 2010 the radical cleric Hojjatoleslam Jafar Shojuni (1932–2016) remarked that Iranian society needed a hero like Navvab Safavi and the toughness of the Fedayan, if the Islamic system should prevail.¹¹ Navvab Safavi was the first Iranian to engage regionwide with the Egyptian Muslim Brotherhood and to interpret the Palestinian struggle as an Islamic rather than a nationalist

cause, which after the revolution became doctrine in the Islamic Republic. As a follower of Borujerdi the young Seyyed Ruhollah Khomeini saw the Fedayan and their methods critically, albeit with sympathy. Later in the 1960s, Khomeini was busy building an Islamic civil society based on the Alliance of Islamic Societies (Mo'talefeh-ye Hey'atha-ye Eslami), which in the Islamic Republic became a conservative party representing the interests of the pious merchant middle class of the bazaars and the traditional clergy.

In Khomeini's thinking, political violence as embraced by the Fedayan without mass support ends in failure, and events proved him right. Being opponents of Mossadegh's secularism as well as communism, the Fedayan remained neutral during the CIA-inspired coup that toppled Mossadegh in 1953, while the high clergy tacitly supported the coup's leader, Gen. Fazlollah Zahedi (1897–1963). In 1955 another assassination attempt, against Hossein Ala (1881–1964), the newly appointed prime minister,¹² broke the camels' back, with the government for the first time taking decisive action. Security forces rounded up Fedayan members, including the leadership, and a year later a military court had them executed. The remaining members of the Fedayan quietly reorganized under the umbrella of the Mo'talefeh, where they formed a secret military apparatus. In 1965 they killed Prime Minister Hassan Ali Mansur (b. 1923). After a crackdown, a second military wing formed under Hojjatoleslam Seyyed Ali Andarzgu (1939–1978) and lasted until 1978, when most of the members died in a shootout with the police. Of note, those involved did not act on behalf of the Mo'talefeh, and only a few people knew of Andarzgu's armed wing.

AFTER THE ISLAMIC REVOLUTION

A plethora of violent Islamist groups sprang up after the Islamic Revolution, including successors of the Fedayan, which had run its course. Former members and sympathizers of the Fedayan would occasionally publicly praise the exemplary nature of Navvab Safavi, but the group never regained importance. Despite the decline in the Fedayan's status, many former members would go on to have important careers in the Islamic Republic. When Khomeini returned to Iran from exile, former Fedayan members provided his security. Among them, Mohsen Rafiqhdoust would become a founder of the Islamic Revolutionary Guards Corps (IRGC) and later serve as minister of defense and military logistics.¹³ The Fedayan's political style, however, rather than contributions in manpower to the new security establishment, would help shape the outlook of the emerging Islamic Republic.

In 1979/80 contemporary observers were struck by the similarities they saw between the Fedayan of the 1950s and the youngish revolutionaries who manned checkpoints and

⁸ See Behdad 2004 and Amini 2002.

⁹ The title designates the highest rank in the Shiite clerical hierarchy.

¹⁰ See Hashemi 2005, pp. 108–112.

¹¹ See Posch 2010, p. 28.

¹² The assassination was thought to be a protest against Iran joining the U.K.-sponsored CENTO Pact.

¹³ See Rafiqhdoust's own account in Ghasempour (ed.) 2004.

ruthlessly imposed Islamic mores on the population.¹⁴ Those taking part in these violent street gangs called themselves hezbollahis. The origins of Hezbollah as an organization remain obscure. Some see in them the militant wing of the short lived »Party of the Islamic Republic«, a political outlet of Rafsanjani's, but most likely they can be traced back to an armed gang whose members called themselves hezbollahi and were led by Hojatoleslam Hadi Ghaffari, the »machine gun mullah.«¹⁵ The hezbollahis' ideology was rather clear: fidelity to the supreme leader (*velayat-e faqih, rahbar*), anti-imperialism in international affairs, anti-Zionism (and occasionally even anti-Semitism), and fierce rejection of communism while sympathizing with its egalitarian tenets. Most important, however, they obsessed over everything »cultural.« During the heyday of the revolution, they fought everyone – communists, secularists, supporters of the shah, and others – who rejected Khomeini's *velayat-e faqih*. In the Islamist context, their enemies were the People's Mojahedin Organization, the followers of Bani Sadr, and the Islamic liberals (or bourgeoisie) under Mehdi Bazargan, who time and again complained about the »bearded club wielders,« referring to Ghaffari's group. The hezbollahis' conflict with Bazargan's followers contained an element of class struggle, which helps explain their hatred of any political current dubbed liberal and their reappearance under President Mohammad Khatami's two terms in the 1990s. It would be incorrect to classify them as conservatives, as they question the traditional privileges of the high clergy (*marja'iyah*) and have attacked them. The worst incidents occurred toward the end of 2009, when renowned ayatollahs, of particular note Hossein Ali Montazeri (1922–2009) and Yousef Sanei (1937–2020), were verbally attacked and their followers physically abused.¹⁶

Immediately after the revolution, the hezbollahis' core demand was the creation of parastatal revolutionary institutions, such as the IRGC, to counterbalance the power of the state. Their biggest breakthrough followed the bombing of Islamic Republican Party headquarters in 1981, an event that allowed Khomeini's followers to respond by suppressing the last traces of the militant opposition and in due time take control of all the key positions in the state apparatus. Thus, the caretaker government called itself a »government of hezbollah« (*doulat-e hezbollah*), meaning a revolutionary government, at which point the term *hezbollahi* lost its streetfighter image.¹⁷ For a while, almost everyone claimed to be a hezbollahi. Henceforth *hezbollahi* was used to designate militant followers of Khomeini who saw themselves as beyond or above ordinary politics.

When the Iran-Iraq War (1980–88) broke out, the hezbollahis were crucial in motivating and mobilizing young generations from lower-middle-class backgrounds to volunteer as *basiji*, members of the paramilitary Basij organization, at

the time also an instrument for domestic policing. Hundreds of thousands joined the war effort, rushing to the frontlines, where they fought alongside the IRGC and the regular army. The cease-fire accords after eight years of carnage came as a shock to the hezbollahis because they saw the war effort not as a national defense issue, but as an ideological and spiritual struggle and part of the global destiny of the revolution.¹⁸

The Iran-Iraq War only delayed the reckoning that typically follows a revolution – namely, to determine whether the revolution has succeeded and is over or whether the struggle continues. The hezbollahis were of the opinion that the revolution had not been entirely successful, and that »traitors« continued to endanger its achievements, one such success being the elevation of the hezbollahis' own social status.¹⁹ After the war and Khomeini's passing, Hezbollah would split over economic paths. Its preferred economic model was typical of rentier states – mixing state-run economics and the private sector – yet it also embraced classical leftist positions, such as opposition to foreign direct investment and insistence on the state as the first and foremost investor. Economic liberalization, it feared, would strengthen liberalism in the society.

LEAVING HEZBOLLAH BEHIND

The first group to break from Hezbollah were the moderates, or modernist conservatives, led by Ali Akbar Hashemi Rafsanjani, who stressed economic rationality, and by implication, normalization with the West.²⁰ Both approaches were fiercely resisted by Hezbollah, but Rafsanjani's presidencies (1989–1997) touting »reconstruction« of the country and economy did not leave them much breathing space. It greatly advantaged Rafsanjani that he managed to draw the IRGC to his side by strengthening its role in the economy. The ultimate political operator, and backed by favorable elections and the power of his old friend Khamenei, who succeeded Khomeini in 1989, Rafsanjani inaugurated Iran's post-revolutionary phase by focusing power toward reconstruction. Rafsanjani's post-revolutionary realism did not bode well with his former *hezbollahi* friends, who accused him of betrayal. They would eventually get their revenge with the election of Mahmoud Ahmadinejad in 2005.

Toward the end of Rafsanjani's second term, another political current, the Islamic Left, better known today as the Reformists (Eslah Talaban), split from Hezbollah. Their leader, Hojatoleslam Mohammad Khatami (b. 1943), was a close associate of well-known hezbollahis, among them Hojatoleslam Ali Akbar Mohtashamipour (b. 1947), who co-founded Lebanese Hezbollah, and of Masoumeh Ebtekar

¹⁴ Fragner 1983, p. 97.

¹⁵ On this, see Posch 2016, p. 216 and the literature cited therein.

¹⁶ Posch 2010, pp. 17–20.

¹⁷ Barzin 1998, p. 50.

¹⁸ See, for instance, Khosrokhavar 1995 and Gieling 1999.

¹⁹ On this topic, see Posch 2019.

²⁰ Unfortunately, these cleavages are not adequately dealt with in standard accounts of the Rafsanjani presidency, like Axworthy 2013, pp. 268–323. Contemporary Iranian accounts on the Rafsanjani governments are much more critical. See for instance Qouchani 2000 and Quochani 2006.

(b. 1960), speaker for the hostage takers during the seizure of the U.S. embassy (1979–1981). Efforts to overcome extremist and revolutionary pasts was the glue that bonded these former radicals together. Beginning in the 1990s, they focused on implementing the constitution, which they interpreted to stress the power of the people vis-à-vis the government and indirectly the supreme leader, though presented in circuitous political language. This resulted in the paradoxical situation of formerly prominent adherents of Islamic radicalism advocating reforms elevating liberalism in society and the economy.²¹

As the modernists or moderate conservatives and Reformists went about pursuing interests and positions anathema to Hezbollah, which they knew all too well. The hezbollahis staked out space in the government, developing their own pool of experts mostly bureaucrats and apparatchiks, many of them holding key positions in the security apparatus, notably the IRGC, the Basij, and the Ministry of Intelligence. They also controlled several dailies – *Keyhan*, *Sobh*, *Eng-helab-e Eslami*, *Ya-Laserato I-Hoseyn*, and *Hezbollah* and important niche papers popular with war veterans, such as *Shalamche* and *Jebhe*. Yet, as a diverse movement consisting of many political circles and groups, they ultimately failed at forming a cohesive political party and creating a broad-based leadership. There was, however, a discernible distribution of tasks among their various organizations, and time and again certain hezbollahis made their voices heard, mostly opposing liberalism and rapprochement with the West.

ORGANIZED HEZBOLLAHI GROUPS

In the mid-1990s, some hezbollahis concluded that the Iranian people might be concerned about the Rafsanjani government's liberal tendencies. Thus, in 1997 former minister of intelligence Ayatollah Mohammad Mohammadi Reyshahri (b. 1946) founded the Society for the Defense of Traditional and Revolutionary Values (*Jami'at-e Defa' az arzeshha-ye Enqelab-e Eslami*). The egalitarian discourse and revolutionary rhetoric of the party (and of Reyshahri) led scholars to slot the organization on the far left of the political spectrum,²² but given the nature of hezbollahis, this made no sense. Reyshahri abandoned all his political activities after a shattering and personally humiliating defeat at the ballot box in 1997. It would take a long time, until Ahmadinejad's ascent, for the Hezbollahis to develop an effective political platform.

²¹ For an excellent account on the transformation of Islamic Left to Reformist, see Brumberg 2001. The Reformists had little interest in discussing their own revolutionary past, which was essential to their political identity. It is their leftist past that explains why brutal extremists could turn »reformist.« Two striking examples are »the hanging judge,« Ayatollah Sadegh Khalkhali (1926–2003), and the aforementioned »machine gun mullah,« Hadi Ghaffari, one of the few to speak out vociferously against the house arrest of the Green Movement leaders, Mir Hossein Mussavi and Hojjatoleslam Mehdi Karrubi, in 2010. See Burns 1999 and Saham News 2011.

²² For instance Buchta 2000, pp. 18–20.

Ansar-e Hezbollah is another kindred spirit, usually referred to as right wing.²³ Basically a »pressure group,« Ansar combines the traditions of the luti and their criminal or semi-criminal networks, the zeal of the Fedayan, and the activism of the hezbollahi in the early days of the revolution. Sermons by Supreme Leader Khamenei, who warned of the »cultural onslaught of the West,« motivated a circle of war veterans to establish the group in the early 1990s, according to their own testimony. *Ya Laserato I-Hoseyn* served as the ideological organ and organizational core of Ansar – its editorials functioning as the group's central committee – but in 2015 authorities closed the newspaper after the group lost a confrontation with the government.

Ansar was well connected to the security apparatus. One former leader, Hossein Allahkaram, had retired a brigadier general in the IRGC and had served as military attaché to Croatia under Ahmadinejad. Having been established by veterans, the organization had close contacts with veterans' organizations. Ansar branches emerged across the country and coordinated loosely with the Ansar branch in Tehran. They usually campaigned against cultural or political »deviations,« such as concerts, or a softening of relations with the West.

Ansar experienced its heyday during the two Khatami presidencies (1997–2005), launching personal smear campaigns against the president and the minister of culture and Islamic guidance, Ataollah Mohajerani (b. 1954), conducting arson attacks against bookshops, holding public lectures against »deviant« intellectuals, and most important, participating in crushing student demonstrations for more political rights in 1999 and the Green Movement protests against Ahmadinejad's re-election that erupted in 2009. It was a member of Ansar who shot the bystander Neda Agha-Soltan (1982–2009), which caused an international outcry and embarrassed the regime²⁴.

Ansar supported all the candidates close to their views in the 2005 and 2009 elections but did not field candidates itself, perhaps to avoid too much public scrutiny. Thus, it lent support to Ahmadinejad, but also expressed disappointment with him during his second term for not being sufficiently radical.

Ultimately, the pro-Ahmadinejad Principalist alliance of hezbollahi and conservative forces failed politically. Ahmadinejad's presidency became a threat to the entire political system because of his political style, especially his talent for disappointing the expectations of his supporters, including Ansar, and his unabashed thirst for more power than the system would allow any president to have.²⁵ Ansar's support for Ahmadinejad made them well known to the public and the international community, which earned them a secure place on European Union and U.S.

²³ One of the first to draw attention to these groups was Rubin 2001. See also Posch 2016, pp. 211–236.

²⁴ Dargahi 2014.

²⁵ See Posch 2013.

sanctions lists while gaining them little in the Iranian political system. Ansar's decline continued under Hassan Rouhani's administration. After twenty-five years, in 2020 the organization pledged to give up street fighting.²⁶

Even some hezbollahis took issue with Ansar's ways, including Ayatollah Seyyed Mohammad Baqer Kharrazi (born 1961),²⁷ the (self-styled) secretary general of the »general staff« of Hezbollah. Kharrazi edited the weekly *Hezbollah* and maintained several internet sites.²⁸ In 2014 he bemoaned the lack of a common platform for hezbollahis and called on all hezbollahi forces in the country to unite, apparently under his leadership. Kharrazi similarly opposed Ansar, as his group was about Islamic law (*feqh*) rather than wielding clubs.

In an interview with *Sharq* newspaper from 2012²⁹ he claimed to have 1.5 million followers nationwide and from various religious and ethnic groups, including among Sunnis plus a sizeable number of Christian sympathizers. Ansar immediately opposed Kharrazi's activities and even tried to convince the Interior Ministry to proscribe his activities. Kharrazi's main interest was thought to have been the cultural arena and ideology, but of more importance, his Hezbollah engaged on the economy, and here the ayatollah offered a totally new interpretation on being a hezbollahi. According to the aforementioned interview, Kharrazi is of the opinion, economic activity should be undertaken only with international enterprises that created jobs and transferred modern technology to Iran. Hezbollah expected 2,500 such enterprises to be at the disposal of different hezbollahi entities.³⁰ The aim of these economic endeavors appeared to be something of a racket. Kharrazi explains:

»One of our theories in Hezbollah says that members should never be poor, because we equate poverty [*faqr*] with disbelief [*kofr*], and disbelief is the devil's. And if our party [*hezb*] is the Party of God [*Hezbollah*] then the forces of Hezbollah too have to be rich [*puldar*]. Money is for us like a virtuous life (*hayat tayyibe*) is for us, who said we should be poor? Who said we should not be rich? Which of our Imams was poor?«³¹ Apparently, he shared his insights with Presidents Khatami and Ahmadinejad, and generously offered them the assistance of the cadres with whom he had formed a shadow cabinet. Neither man accepted his advice or aid. Kharrazi thought about running for president several times but was ultimately talked out of it.³²

²⁶ IRNA 2020.

²⁷ Sadegh Kharrazi (*1963), a diplomat and former advisor to President Khatami, is his brother, and former foreign minister Kamal Kharrazi (*1944) is his uncle.

²⁸ Posch 2016, p. 217. The website of this group, main.hezbollah.ir is inoperable but can be retrieved via Wayback Machine, <https://web.archive.org/web/20170602194823/http://main.hezbollah.ir/>. Another site belonging to him, <http://hezbollahnews.ir/>, has not been updated for years.

²⁹ The following after Vismeh 2012.

³⁰ Ibid.

³¹ Ibid.

³² Ibid.

Ayatollah Mohammad Taqi Mesbah Yazdi (1934–2021) founded a more intellectual Qom-based Hezbollah group.³³ In 1964 Mesbah Yazdi, nicknamed »the Crocodile« after a cartoon depicting him as a reptile, founded the Madreseye Haqqani, a seminary focused on modernizing the traditional curriculum of the clergy and preparing clerics to take over administrative positions in the judiciary and the security apparatus after the revolution. He also founded in 1995 the Khomeini Education and Research Institute, dedicated to the study of the imam's legacy and works, to fight intellectual and theological dissent, and to preserve Islamic and revolutionary values in academia.³⁴ Under Presidents Khatami and Ahmadinejad, Mesbah Yazdi rose to prominence with his extreme anti-Reformist stance. He allegedly masterminded a series of political murders of public intellectuals – the so-called chain murders, because they appeared to be linked – to discredit Khatami and to intimidate the public. From 2000 to 2010, he was considered one of the most powerful clerics in Iran, serving as the »chief ideologue« of the Hezbollah current in politics. His influence waned during Ahmadinejad's second term. Contrary to the conventional wisdom, Ahmadinejad did not much care for Mesbah Yazdi. He used him for a while, as he did other supporters.

Other hezbollahi groups and powerful individuals shared Ansar's reliance on violence, including the Staff for Revitalizing [the Principle of] Ordering Virtue and Preventing Vice (Setad-e Ehya-ye 'Amro l-maruf va Nahyi an al-monker) in the early 1990s.³⁵ The former public prosecutor and co-founder of the group, Ayatollah Seyyed Ebrahim Raisolsdati called Raisi (born 1960) became the first secretary general of the Staff.³⁶ The group's main distinction from Ansar was sociological in nature: The Staff recruited activists from the younger postwar generation, and its leadership was almost exclusively clerical. One could say that the organization hid in plain sight: it neither concealed its activities nor shied from talk about them. The mission was to propagate and enforce Islamic values in the public space and at work.

Some of the Staff's activities overlapped with those of the Basij, for instance in the case of the notorious »moral patrols.« Its members regularly conducted its own controls of the mandatory headscarves and complained to the police about lax control. In short, these youngish idealists took Islamic law into their own hands, leading people to fear them more than they feared the police. Cases of gangs of young hezbollahis attacking groups of teenagers enjoying themselves were not uncommon.³⁷ In principle, groups of the Staff acted (and act) independently and very spontaneously, but in general the Staff began to coordinate and

³³ For a one-sided but nonetheless useful political biography of Mesbah Yazdi, see San'ati (ed.) 2004.

³⁴ See the institute's mission statement, 'Sanad-e Chashm-andaz': Imam Khomeini Educational and Research Institute 2008.

³⁵ See Posch 2016, pp. 232–235 for the functioning of this group, which basically hides in plain sight.

³⁶ See Raisi 2021.

³⁷ On the case of a hezbollahi activist, see Posch 2014.

guide in the background. Raisi would use the Staff as a tool to undermine Rouhani's presidency especially during the first term.

THE END AND RESURRECTION UNDER AND AFTER ROUHANI?

The election of Hojatoleslam Dr. Hasan Rouhani as Iran's president in 2013 appeared to represent a continuation of Rafsanjani's policies with some added inspiration from the Reformists. Like the Reformists, Rouhani stressed the rule of law, transparency, and economic and institutional reforms and promoted détente in the international arena. Rouhani had deep roots in the security apparatus and was well connected to all the political currents and camps. The cornerstone of his policy agenda was reaching agreement with the world powers on a nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), so international sanctions could be lifted to enable Iran's economic recovery. A deal that worked as hoped would also have helped the government stabilize domestic politics around a post-revolutionary consensus, ending all debate on whether the revolution is over or whether it should be rejoined. Success could have side-lined the Hezbollah current for a long time, given that the Principalist platform under Ahmadinejad had failed politically. Instead, the U.S. withdrawal from the JCPOA and the suffering of Iranians under the burden of sanctions severely curtailed Rouhani's room to maneuver.

Almost from Rouhani's first day in office, the hezbollahis moved against him. Surely, one would think, they would avoid criticizing his successful negotiation and conclusion of the JCPOA, signed in July 2015 and implemented in January 2016, to negatively affect the desired outcomes; after all, Rouhani had acted with the supreme leader's consent, to whom the hezbollahis expressed loyalty, but criticize they did. Their filibustering against the JCPOA and attacks on Foreign Minister Mohammad Javad Zarif (born 1960) served the purpose of denying Rouhani and his supporters political gains from their diplomatic success. To that end, their critique focused on the economy, especially sanctions relief, which they argued, Rouhani could not deliver. At one point they almost crippled his government, attacking Rouhani's confidant and economic advisor Eshaq Jahangiri (born 1958). Rouhani survived by canceling a planned state visit to Austria in 2016 so he could personally secure Jahangiri's position in parliament.

The cultural arena was another field of battle on which hezbollahis challenged Rouhani. Ansar and the Staff for Ordering Virtue and Preventing Vice insisted once again on their privilege to take Islamic law into their own hands and launched a campaign opposing concerts and the loosening of public mores to discredit his government. They also played a role in the storming of the Saudi embassy in January 2016 after the Saudis executed Sheikh Nimr Baqir al-Nimr (1959–2016), a Shiite cleric.

Rouhani's government dealt with Ansar by closing the inflammatory *Laserat* and banning the group's activities, but the real resistance came from clerics in Mashhad – Ayatollah Ahmad Alamolhoda (born 1944) and the aforementioned Raisi, Alamolhoda's son-in-law – who emerged as the most effective representatives of the Hezbollah current. Alamolhoda tolerated the activities of Ansar and similar groups in Mashhad and apparently condoned the nationwide economic rioting that erupted regularly beginning in 2018, citing such episodes as proof of the government's incompetence.

Raisi's ascent proved to be problematic for Rouhani. Raisi had served as deputy chief justice (2004–14) and general prosecutor (2014–16), and when he held those posts executions increased and dual citizens were imprisoned on trumped-up charges. In 2019 the supreme leader put Raisi in charge of the judicial system, appointing him chief justice. What made Raisi such a formidable force was his access to vast financial resources and his political ambition. In 2016 he had been appointed custodian of the Mashhad-based Bonyad-e Emam Reza, Iran's oldest and most profitable foundation and one of the country's largest employers and landowners. From that perch, Raisi launched his political career, running for president in 2017 and coming in second, only grudgingly conceding to Rouhani's victory. In the process, Raisi established a new political platform, the Popular Front of the Forces of the Islamic Revolution (Jabhe-ye Mardomi-ye Niruha-ye Enghelab-e Eslami, JAMNA), to attractive groups and factions of politicians who had previously kept their distance from Hezbollah (albeit without entirely breaking with it). If Raisi holds JAMNA together, he could rely on its political machinery should he choose to run in the 2021 presidential elections.

Regardless of the next elections it appears that a new interpretation of what Hezbollah stands for is ongoing. Since April 2015 Khamenei has issued *Line of Hezbollah* (Khatt-e Hezbollah),³⁸ a weekly in which he lays out his view of what a good hezbollahi should think or do. The paper is distributed at mosques and contains Khamenei's political views and sermons. In one of dated 22 Sharivar 1394/13 September 2015, he urged writers not to attack hezbollahi youth as »extremists,« because in face of foreign threats against Iran, one should respect them and other revolutionary youths.³⁹ This was a rehashing of a policy that Khamenei had employed in 1999 after the hezbollahis' brutal crackdown of the student protests. At the time, he had embraced the well-intended hezbollahis while also bemoaning their overreliance on violence. For Khamenei, the problem was not (and is not today) political violence per se, but its undisciplined deployment. In the end, Khamenei's relationship with enthusiastic hezbollahis resembles that of Kashani's to the Fedayan: their services are needed, but they must be shown that their place in the system is to act only when called upon.

³⁸ See Line of Hezbollah 2021a and Line of Hezbollah 2021b.

³⁹ Line of Hezbollah 2015.

With Ansar gone, the Hezbollah current lost its most prominent organization open to using violence. What remains is the hezbollahi narrative on domestic and foreign issues. On the domestic level, their narrative remains anti-elitist. Whether this is enough to convince the hezbollahis themselves – let alone the population at large – to remain engaged is anyone's guess. With economic sanctions still in place, and economic and political liberalization nowhere in sight, Iran has little choice than to continue to pursue its so-called resistance economy, which is basically in line with the hezbollahis' populist economic principles.

At first glance, this course of action would mean striving for some kind of autarky, but upon closer inspection, the whole concept of the resistance economy is not sufficiently elaborated or economically sound.⁴⁰ It absolutely does not provide for a fair distribution of wealth within society, and will most likely benefit institutions like the Emam Reza Foundation and fulfill Kharrazi's economic vision of making hezbollahis rich. This would appear sufficiently attractive to most hezbollahis given the reality of increasing mass poverty. At the same time, the critical, educated and mostly secular middle class will immigrate when possible, leaving the field to the hezbollahis and making Reformist electoral success even more unlikely.

On international issues, Rouhani has for a number of reasons no other choice but to play hardball with the international community while at the same keeping channels open for negotiations. Iran settled on relatively timid responses to the assassinations of Quds Force commander Qasem Soleimani by the United States in 2020 and the nuclear scientist Mohsen Fakhri-zadeh, that same year. The parliament then decided to assist the government start uranium enrichment up to 20 percent. The act in itself is reversible and does not signal any particular hezbollahi strategy, but the process evoked the hezbollahis' style when deputies shouted slogans after the decision was made. Regardless, Tehran still hopes for reinstatement of the JCPOA. In fact, economically speaking, the Rouhani government has no other chance than to bide its time until the Joe Biden administration takes concrete steps toward Iran. If adherents of the Hezbollah political current were to take charge of every key position in Iran, they would not have to engage with the United States. On the other hand, the more Iran acts on the international scene as a defiant, revolutionary and hezbollahi power, the more difficult it will be for the United States to re-engage.

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4

THE FUTURE OF IRAN'S NUCLEAR POLICY AND APPROACH TO THE JCPOA

Dina Esfandiary

Developments over the past few years surrounding the Joint Comprehensive Plan of Action (JCPOA) have affected Iran's domestic politics: The rise of hard-liners will affect Iran's willingness to compromise and engage with world powers, and the direction of its nuclear and foreign policy. The downward trajectory of the 2015 nuclear deal between Iran and the world powers helped pave the way for the hard-line factions to consolidate power and mount strong opposition to the Reformists and to the Rouhani administration, the moderate camp. This in turn resulted in those with relatively moderate views to become increasingly radicalized on some issues, including foreign policy. The radicalization of moderates combined with the rise in influence, and likely to power, of the hard-liners within the political system will have significant implications for Iran's nuclear policy and its approach to future negotiations with world powers and its willingness to compromise.

Two decades of hard-fought negotiations coupled with a difficult path to final agreement on the JCPOA has led to nuclear fatigue within the Iranian system. Tehran would prefer not to be dealing with the nuclear issue at this point, but with the United States having been the party that renegeed on its commitment to it and walked away from the deal in May 2018, the leadership now believes it has the upper hand on the matter. This and the move toward conservatism in domestic politics has made Iran more willing to flout its obligations under the JCPOA by continuing to develop its nuclear program while also expanding its political and military activities in the Middle East. The growing power of the hard-liners will make it more difficult to engage Iran on the nuclear issue and cause a potentially expanded future deal to be less viable.

THE JCPOA: NEGOTIATIONS, AGREEMENT, IMPLEMENTATION, AND COMPLICATIONS

The first dialogue between Iranian and American officials took place at the end of President Mahmoud Ahmadinejad's administration, with Oman brokering the secret meetings between the US and Iran in March 2013.¹ It was only after the Rouhani administration came to power in August 2013

and the United States abandoned the idea of »no enrichment« that negotiations on Iran's nuclear program took on new meaning. Rouhani campaigned on a platform of economic growth that could only be achieved by ending Iran's isolation and the lifting of international sanctions. This required a resolution to the nuclear crisis.

Iran's supreme leader, Ayatollah Ali Khamenei – the final arbiter, but not the only decision-maker in the country – mandated Rouhani's administration to pursue negotiations with the international community with a view toward resolving the nuclear situation. Remaining sceptical, however, Khamenei also prepared the ground in case of failure, constantly reminding his audience that the United States and the rest of the West could not be trusted, thus making success unlikely.² This allowed him to not only escape criticism should the talks indeed fail, but to also disarm critics of the negotiations and the subsequent deal by demonstrating that he would not allow Iran to compromise too much. Further, his hedging established the groundwork for critics to be able to say »I told you so« should implementation of the deal be threatened.

In July 2015, Iran and the P5+1 (China, France, Russia, United Kingdom, United States, plus Germany) reached a deal that constrained and rolled back Iran's nuclear program in exchange for the lifting of international sanctions.³ The Iranian leadership declared its ability to accept the deal as showing »heroic flexibility« – proof that Iran could be a pragmatic state.⁴ The first few years after the deal's implementation, launched 16 January 2016, saw a great deal of optimism but little concrete action. Indeed, interest in the Iranian market – large, educated, and mostly untapped – ran high,⁵ but uncertainty surrounding the lifting of U.S. sanctions eventually caused interest to wane.⁶ This left a bitter taste in the mouths of Iranian elites and the rest of the population and sparked a revival of criticism by the hard-liners.

¹ Esfandiary, and Finaud 2016, p.19.

² Erdbrink 2015.

³ For an assessment of the deal, see Esfandiary, and Finaud 2016.

⁴ For the Islamic Republic, *maslahat* (pragmatism) is as a core driver of decision making.

⁵ Walt 2015.

⁶ Gibson Dunn 2017.

Many hard-liners never supported the negotiations with the West, and especially with the United States,⁷ and could not stomach the concessions that Iran had made to limit its nuclear program. As a result, the JCPOA became a battleground between the hard-liners and the Rouhani administration, with the former using every opportunity attached to the JCPOA and its gradual demise to put pressure on the latter. In particular, the hard-liners used the economy – focusing on it not getting better as promised – to highlight Rouhani’s failure. During debates in the lead-up to Rouhani’s eventual re-election in 2017, conservatives pointed to the widening gap between rich and poor and the unrealized dividends of the nuclear deal. This guaranteed that Rouhani’s second term would be riddled with difficulties and energy spent battling the conservatives. As events unfolded, room was made for even worse.

U.S. WITHDRAWAL

In May 2018, U.S. president Donald Trump did exactly what he promised to do during his election campaign and withdrew the United States from the JCPOA.⁸ His administration also launched its maximum pressure campaign, whose intended goal was unclear but shifted among squeezing Iran to force it to return to the negotiating table, agreeing to 12 demands issued by Secretary of State Mike Pompeo,⁹ and fomenting regime change (while careful not to make it a stated goal). As a result, instead of providing Iran with sanctions relief, the United States increased sanctions pressure, targeting entire organizations, such as the Islamic Revolutionary Guard Corps (IRGC),¹⁰ and entire sectors of the Iranian economy, including metals.¹¹

But to date, there has been no improvement in Iranian behaviour and no move towards meeting Pompeo’s 12 demands, which effectively amounted to Iranian capitulation on a range of issues. The Iranians initially responded with a policy of strategic patience, refraining from taking countermeasures against maximum pressure in the hope that the remaining states party to the JCPOA would counterbalance the shift in U.S. policy in some way.¹² As a result, they continued to implement the nuclear deal, but after a year of the Europeans, Russians, and Chinese doing nothing tangible to keep Iran in the deal, the policy became untenable domestically.

In May 2019, Rouhani announced that Tehran would no longer be bound by the JCPOA, sparking concern that Iran might withdraw entirely from the deal. Instead, Iran lashed out in the region and began a step-by-step downgrading

of its commitments under the nuclear deal.¹³ It hoped to increase pressure on the remaining states party to the agreement by resuming a particular aspect of its program and giving the remaining P5+1 countries two months to grant Iran access to international financial systems or the ability to sell its oil.¹⁴ If they did not, then another step would be taken. By January 2020, Iran had increased its heavy water stockpiles, enriched uranium to levels higher than allowed, restarted restricted research and development, and resumed enrichment at its Fordow underground facility.

The moves were audacious, but importantly, they were reversible, intended to maximize pressure while demonstrating a willingness to return to compliance if the remaining states party to the deal delivered on their promises. The expansion of research and development, however, was problematic: Increased Iranian knowledge of more advanced centrifuges would make a straightforward return to the JCPOA insufficient, instead requiring its expansion to address the progress made.

Tehran advanced its nuclear program while increasing pressure regionally – targeting tankers in the Persian Gulf throughout 2019 and 2020,¹⁵ drawing on its proxies to increase attacks,¹⁶ likely launching a drone attack against Saudi Aramco in September 2019,¹⁷ downing a U.S. drone in June 2019,¹⁸ and responding to the U.S. assassination of Qasem Soleimani, commander of the IRGC’s Quds Force, with an attack against a base in Iraq housing American troops, for the first time Iran launching a direct attack on U.S. troops from its own soil.¹⁹ With each successive action in the region, Tehran sought to demonstrate its capabilities and its willingness to act in the face of aggression. This approach differed from its nuclear strategy, which was carefully calibrated, reversible, and intended to gain it leverage in preparation for potential future negotiations.

IMPACT ON DOMESTIC POLITICS

The United States reneging on the nuclear deal led to a general hardening of Iranian attitudes in three ways. First, it led to somewhat of a unification of the elite in the face of external adversity, by a hardening of the attitudes of moderates, and second – rather counterintuitively, given the initial unification – it intensified criticism of the Rouhani administration by the hard-liners, who now had added credibility and as a result rose in influence and power. An adjunct to the latter development was the splitting of the moderate camp, with the Reformists moving away from their temporary marriage with the moderates. Third, the U.S. withdrawal prompted a general hardening of views

⁷ Importantly though, Iran’s hard-liners are no monolith. Some within the camp supported the deal, but did not want to continue the dialogue, for example.

⁸ Landler 2018.

⁹ Al-Jazeera 2018.

¹⁰ Wong, and Schmitt 2019.

¹¹ Pamuk, and Landay 2019.

¹² Brewer, and Tabatabai 2019.

¹³ Reuters 2019.

¹⁴ Brewer, and Tabatabai 2019.

¹⁵ Fattah, and Bloomberg 2019.

¹⁶ Katzman, McInnis, and Thomas 2020, p. 3-4.

¹⁷ Pamuk 2019.

¹⁸ Marcus 2019.

¹⁹ Marcus 2020.

among the Iranian population, generally pro-U.S. and pro-Western but then disenchanted with Trump's decision and increasingly frustrated with the added economic pressure they experienced as a result of maximum pressure.

Politics in Iran is fluid, and as noted, while the supreme leader is the final decision maker, he is not the only one.²⁰ Indeed, various centers of power in Iran influence the decision-making process, and their relative ability to do so in any given case depends on a number of factors, including having the ear of the supreme leader. To do so, representatives convene within the Supreme National Security Council (SNSC) and debate national security issues, including the nuclear file.²¹ While hard-line factions struggled in the lead-up to and in the aftermath of the first Rouhani election, they consolidated and capitalized on the difficulties faced by the administration to gain greater legitimacy within the system, but the U.S. withdrawal from the JCPOA accelerated this process.

As in any country faced with a persistent external enemy, the political elite of Iran coalesced following the intensification of Trump's maximum pressure campaign and in light of other events.²² For example, after Soleimani's assassination, members of parliament, habitually divided, dressed in IRGC uniforms and chanted »Death to America.«²³ The significance in Iran is that the unification of the elite did not reflect a general movement toward the political center, but rather a hardening of the moderates and their views. Indeed, the Rouhani administration deployed tougher rhetoric with regards to engagement and potential new deals with the West. In May 2018, Rouhani announced that Iran would »fiercely resist« U.S. pressure,²⁴ and in December 2019, he urged other Muslim countries to come together to also resist.²⁵

In addition to hardening Iranian moderates, the JCPOA saga also led to a rise in the Principlists faction of the hard-liners. Although a diverse group, Iran's hard-liners are all devoted to the supreme leader and the survival of the Islamic Republic and are also generally wary of diplomatic engagement with the West. After the crushing blow of Rouhani's first election, they gradually increased their hold on power by capitalizing on the supreme leader's trust in them and on the failures of Rouhani's administration. From among them, more powerful and more extreme subgroups formed.²⁶ In addition, a new, younger generation of hard-liners emerged.²⁷ The hard-liners as a whole were able to increase their hold

on power despite infighting among subgroups. This power realignment was particularly visible during the parliamentary elections in February 2020, when the Guardian Council disqualified some nine thousand candidates from contention and allowed only five thousand *khodis* (insiders), to run.²⁸ More than 90 percent of the Reformist candidates were reportedly disqualified.²⁹ As a result, the conservatives marched to a landslide victory, winning more than 220 of the 290 seats in parliament and putting them in a good position to contest the presidency in 2021.³⁰ Voter turnout, however, was poor, but importantly, the hard-liners »now control the judiciary, the legislature, the Guardian Council, powerful financial institutions, state media networks, and most of the security apparatus.«³¹

The division between the Reformists and the moderates caused by the downward spiral of the JCPOA and maximum pressure is further weakening both blocs. Prior to Rouhani's ascendance, the Reformists had joined forces with the moderates, led by Rouhani, to ensure his election and increase their chances of having a say in decision-making. Today, however, many regret their decision, believing that Rouhani's government did little to support their movement.³² This contributed to their popularity taking a beating, leaving them poorly positioned to challenge the 2021 presidential elections.

WHAT NEXT?

Iran is in a tough spot, facing a worsening economic outlook, no light at the end of the tunnel with domestic social restrictions, and worsening tensions with the United States. In regard to the latter, Tehran continues to increase pressure on the United States in the Middle East and on the nuclear front. It still has room to significantly expand its nuclear program, something it is slowly pursuing; for example, on 4 January 2021 it announced enrichment to 20 percent, which is explicitly prohibited by the JCPOA. Such steps raise the issue of whether there is a willingness within the Iranian system to resolve the continued stand-off over Iran's nuclear programme?

There is general consternation at all levels of Iranian society that the country once again faces a crisis as a result of its nuclear program. The nuclear fatigue is very real, with the public tired, and frankly surprised, at this turn of events. After all, they had agreed to go along with significant concessions in the hope that the country's nuclear ambitions would no longer be an impediment to the introduction of economic and social reforms as well as greater openness to the outside world. The elites suffering nuclear exhaustion and bewilderment are most notably among the moderates and those in the Rouhani camp.

²⁰ For more on how decisions are made in Iran and a summary of political factions see Geranmayeh 2020, and Tabatabai 2019.

²¹ Tabatabai 2019, p.2.

²² Esfandiari 2020.

²³ Krol 2020.

²⁴ Arab News 2020.

²⁵ Tehran Times 2019.

²⁶ Among them were Payedari, the Front of Islamic Revolution Stability, and the conservatives lead by former Tehran mayor Mohammad Bagher Ghalibaf.

²⁷ See for example, the 'Justice Seekers', a left-wing faction within the conservatives. See Faghihi 2020.

²⁸ Karimi 2020.

²⁹ Khabar Online 2020.

³⁰ International Crisis Group 2020.

³¹ Geranmayeh 2020.

³² Kayhan 2020.

The elites have learned a few lessons the hard way,³³ including that promises of »benefits« for concessions such as sanctions relief, must be guaranteed, because temporary relief is too susceptible to political winds. Above all, Tehran learned that the United States is not trustworthy, as the supreme leader consistently highlighted during negotiations. The leadership cannot be seen to capitulate to the United States, because of the precedent it would set: In future engagements with Iran, push hard enough and Tehran will cave. In addition, some hard-liners believe that Iran's »maximum resistance« campaign of pushing back against U.S. pressure has been successful, with Iranian influence extending farther in the region and posing a greater threat to U.S. interests than previously (irrespective of whether this is actually true).³⁴

Given all this, the Iranians are likely to be tougher negotiators the next time around. Adding to that, the existing restrictions on Iran's nuclear program have been largely voided by its step-by-step and measured rollback of its commitments to the nuclear deal. In June 2020, the International Atomic Energy Agency outlined the ways in which Iran had exceeded its limits,³⁵ including accumulating 1,571 kilograms of enriched uranium, way beyond the allowed 202 kilograms of low enriched uranium.³⁶ It also increased research and development into advanced centrifuges. In February, Iran ceased implementation of the Additional Protocol, which provides for more intrusive verification into Iran's nuclear programme, but agreed to a short-term technical deal with the IAEA, which would allow for many of the verification measures to continue for another three months, buying time for potential negotiations.

The above means that a simple return to the JCPOA cannot address concerns over Iran's nuclear program in any meaningful way. Despite this, a return remains the first step toward any future dialogue with Iran. Why would the Iranian leadership engage in further talks with the United States if any deal can simply be overturned by the next administration without repercussions? For Tehran, a return to the JCPOA will stand as the basis for further talks, which is similar to the Biden administration's approach.³⁷

Iran also understands that abiding by the JCPOA is no longer sufficient and therefore does not oppose further dialogue on a range of issues, including its role in the region and possible constraints on its missile program. Iranian leaders had been willing to broach those issue areas after the JCPOA had been agreed to, and they were assured it could be implemented properly.³⁸ The problem was that the JCPOA never got to that stage. If the United States

were to return to the JCPOA today as the first confidence-building step, it is likely that Iran would be willing to continue a dialogue on a range of issues. This is something that Tehran pursued on a smaller scale right after the JCPOA was reached, when it agreed to a High-Level Political Dialogue with the European Union. Only then could the negotiating powers extend the talks to cover continued problematic aspects of Iran's nuclear program, and potentially, its role in the region and potentially even aspects of its missile program.

Of importance, there must be acceptance on both sides that progress is likely to be extremely slow and riddled with complications. Tehran will be wary of engaging with the United States after the Trump administration reneged on the nuclear deal. Also crucial is the manner of engagement on Tehran's end, which will depend on who holds power at the time: A hard-line administration would likely make engagement more difficult given conservatives' natural opposition to the United States, but they would have less opposition inside Iran to contend with once a dialogue had begun. Conversely, a moderate administration would engage more sincerely, but face greater obstacles in selling a compromise at home.

It will become clearer who will be in charge in Iran after the June 2021 presidential elections. While a Biden administration in the United States makes dialogue more likely, it does not make negotiating any easier. The first complication will be whether the two sides are able to return to the JCPOA and to compliance respectively without making them political or calling for the other side to do so first.

The path to a resolution of the crisis with Iran will be fraught with difficulties, starting with a willingness to engage sincerely to resolving each of the issue areas of concern to the international community. The way forward has been made more difficult by those in Tehran who feel vindicated in their negative view of the United States and who will actively work to derail future talks or remain wary of compromise and promises made by the other side. They hold fast to the general belief that Tehran now has the upper hand on the nuclear issue given that the United States reneged on it. Ultimately though, despite expected difficulties and regardless of whether the hard-liners in Tehran get on board, it will be impossible to resolve the current standoff, including on Iran's nuclear program, without dialogue and compromise.

³³ Jalilvand, and Vogt 2020.

³⁴ Pamuk 2019.

³⁵ See Reuters 2020.

³⁶ For more on what Iran has and has not been doing on its nuclear programme, see Fitzpatrick 2020.

³⁷ Hafezi 2020.

³⁸ Author interviews with Iranian officials, Berlin, Lausanne, Vienna, Geneva (2014–2018).

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5

A RADICAL IRAN: IMPLICATIONS FOR THE PERSIAN GULF AND THE LEVANT

Hamidreza Azizi

With only a few months before presidential elections in Iran, the political dominance of the hardline camp has become an undeniable fact. The anticipated victory of a hardline figure in the 2021 presidential elections will serve to consolidate the camp's dominant status in the Islamic Republic. The election thus stands to not only affect Iran's domestic politics, but its foreign and regional policies as well. This development comes against the backdrop of the Islamic Revolutionary Guard Corps' (IRGC) rapidly growing role in regional policy, a position that over the past decade has given the organization the upper hand in determining strategies and approaches. This reality has been particularly evident in Iran's policy toward the Persian Gulf and the Levant, regions considered essential in Iran's concept of strategic depth and as crucial to its national security and regional standing.

The impact of the hard-liners' rise on Iran's regional policy involves both conceptual and practical issues. The main factor fundamentally differentiating the moderates' approach toward the Middle East from that of the hard-liners is their understanding of security and the means to achieve it. What is generally considered the hardline camp in Iranian politics is not a homogenous group, as factions within it sometimes compete for influence or pursue different policies and agendas. When it comes to foreign policy, however, and especially Iran's role and status in the region, they share a principal understanding and tend to follow the same strategic logic. As such, the general categorization of a moderate versus a hardline approach toward the Middle East is a helpful analytical tool.

Washington's maximum pressure policy effectively led to the radicalization of Iran's regional policy, which affected Tehran's relations with Gulf Cooperation Council (GCC) member states and within the so-called «axis of resistance» (Iran, Iraq, Syria, and Lebanon). The paper argues that as far as the Persian Gulf and the Levant are concerned, the hardline camp's dominance of the political sphere will not bring about fundamental shifts in Iranian regional policy, but it will increase the risk of a conflict between Iran and the United States or U.S. regional allies.

COMPETING APPROACHES TO REGIONAL SECURITY

The IRGC, in parallel with its growing political and economic influence in Iran, has emerged as a major actor in Iran's regional policy in recent years.¹ The IRGC's foreign arm, the Quds Force, was once considered responsible for conducting covert operations. In Lebanon and post-2003 Iraq, where the force's role was more active and evident, its task was primarily focused on mobilizing and supporting local allies and militias, rather than putting boots on the ground. But in the wake of the Arab Spring in 2011 and as a result of Iran's decision to become directly involved in Syria, the Quds Force assumed a direct and official role in the regional policy of the Islamic Republic.² By the time Hassan Rouhani was elected president in 2013, the IRGC had already begun to take over Iranian Middle East policy, and the Rouhani administration never succeeded in reversing that trajectory. In a January 2021 interview, Foreign Minister Mohammad Javad Zarif admitted this, stating that the Foreign Ministry had a «limited role» in devising regional policies.³ Thus, one might argue that given the significant role the IRGC plays in regional policy, the departure of the moderates from power will not significantly impact it, but fundamental differences in attitudes between the Rouhani administration and the IRGC, and the military-security complex in general, on the Middle East have played a role in policy.

The moderate camp in Iran favors an essentially liberal approach to international relations, believing that a collective security system is the best way to ensure the interests of Iran and other countries in the region. This view was reflected in at least three formal initiatives put forward by the Rouhani administration. In July 2017, Rouhani spoke of a «strong region» as the basis for his regional approach. According to him, Iran's main goal should not be to become the strongest country, but rather, he said, «We should consider having a stronger region... [It's not acceptable] for an individual country to stand out against

¹ See Ostovar 2016.

² Soufan 2018.

³ Masoumi 2021.

others and show off its power in regional rivalries.«⁴ Hesamodin Ashna, a Rouhani advisor and head of the Center for Strategic Studies, first proffered this concept in November 2016, calling it the cornerstone of »Iran’s regional doctrine.«⁵ In 2018, based on this concept, Zarif proposed a »regional dialogue forum« for the Persian Gulf. While criticizing the arms race in the region, Zarif’s proposal rejected »reliance on extra-regional powers, exclusion-based coalitions, and the illusion of purchasing security.«⁶ Rouhani, in his address at the UN General Assembly in September 2019, presented the Hormuz Peace Initiative, underlining the »inseparability of security« and »endogenous security« in the Persian Gulf and calling for the cooperation of all regional states based on UN basic principles.⁷

In contrast, the hardline camp has an overwhelmingly realist approach toward foreign policy, holding the view that Iran’s interests and security in the region are best preserved by establishing a military balance against rivals by maximizing the country’s hard power. Maj. Gen. Hossein Salami, IRGC commander in chief, has emphasized the need to develop Iran’s military capabilities, stating, »We have learned through experience and logic that to prevent war ... we have no choice but to become more powerful.«⁸ He has also asserted that expanding Iran’s military might have already shifted the regional balance of power in Tehran’s favor,⁹ and that the Islamic Republic has stockpiled missiles even »more than it needs.«¹⁰ These positions stand in opposition to Rouhani and Zarif’s views on the need to end the arms race in the region. Some former IRGC commanders, including Maj. Gen. Mohammad Ali Jafari and Maj. Gen. Yahya Rahim Safavi, have expressed positions similar to Salami’s on the necessity of increasing Iran’s power in the region. In a November 2016 speech, Jafari praised the IRGC as the »superior power in the Middle East.«¹¹ In the same vein in October 2020, Safavi said, »Our power has gone beyond the Iranian territory and we have turned from a national power to a regional power.«¹²

Iran’s interpretation of strategic depth is key to understanding IRGC commanders’ emphasis on developing the Islamic Republic’s regional power and influence. Strategic depth refers to the ability, in the event of a conflict, to take the fight as close to enemy territory as possible.¹³ For Iran’s supreme leader, Ayatollah Ali Khamenei, strategic depth is »the mainstay of a nation.«, He has also asserted, »Muslim nations are the strategic depth of the Islamic Republic.«¹⁴

The main objective of developing strategic depth according to Khamenei is to deal with threats beyond Iran’s borders, thus making it one of the country’s top priorities. »It should not be the case that we limit ourselves to a house and think that it’s no longer our job to find out who is behind the walls, [and] which threats are there,« he said. »This broad cross-border vision, this extension of strategic depth is sometimes even more necessary than the most important duties of the state.«¹⁵ Further, Khamenei considers the expansion of Iran’s strategic depth to be the responsibility of the IRGC.¹⁶ In short, he views enhancing Iran’s regional influence as necessary for establishing the requisite strategic depth and thereby safeguarding the country’s security.

The hardline camp also has a different view from the Rouhani camp on cooperation and partnership with the world powers. While rejecting the U.S. presence in the region is a point of consensus among Iran’s various political factions, hard-liners and conservatives in general favor close partnership with »non-Western powers,« especially Russia and China. For example, according to Safavi, in order to defend itself against Washington’s »hybrid warfare,« Iran should develop strategic relations with the global rivals of the United States, including China and Russia.¹⁷ In December 2019, the Iranian armed forces held its first joint naval drill with Russia and China, in the Indian Ocean.¹⁸ In addition, Khamenei was said to be personally overseeing negotiations to conclude a twenty-five-year agreement for a comprehensive strategic partnership with China.¹⁹

The tendency to align with world powers conflicts with the Rouhani administration’s rejection of exclusion-based coalitions, as suggested in Zarif’s proposal for a regional dialogue forum. In any case, Iran’s political and military cooperation with Russia and China does not necessarily indicate that these two countries are also willing to form a regional coalition with Iran. Both have long tried to develop balanced relations in the Middle East, avoiding the trap of siding with one state or group of states against the others.

MAXIMUM PRESSURE AND RADICALIZATION OF IRAN’S REGIONAL POLICY

After taking office in 2013, Rouhani tried to defuse tensions with the Arab states of the Persian Gulf. In his first press conference as president, he referred to the Saudis as »brothers« and called for improved relations with Riyadh.²⁰ On the death of the Saudi king Abdullah bin Abdulaziz in January 2015, Zarif traveled to Riyadh to offer condolences.²¹ In 2016 Rouhani paid official visits to Oman and Kuwait with

⁴ Islamic Republic News Agency 2017.

⁵ Ashna 2016.

⁶ ISNA 2018.

⁷ Student News Network 2019.

⁸ Shafaqna 2020.

⁹ Sputnik Persian 2019.

¹⁰ Deutsche Welle Persian 2019b.

¹¹ Ettelaat 2016.

¹² Jamaran 2019.

¹³ Behraves, and Azizi 2020.

¹⁴ Office for the Preservation and Publication of the Works of His Majesty the Grand Ayatollah Khamenei 2008.

¹⁵ Ibid.

¹⁶ Office for the Preservation and Publication of the Works of His Majesty the Grand Ayatollah Khamenei 2019.

¹⁷ Deutsche Welle Persian 2019a.

¹⁸ Tasnim News Agency 2019a.

¹⁹ BBC Persian 2020.

²⁰ Alef 2013.

²¹ Alef 2015.

the declared aim of developing bilateral ties.²² Attacks by extremist elements on the Saudi embassy in Tehran and on the Saudi consulate in Mashhad in January 2016 dealt the first big blow to Rouhani's planned regional diplomacy.²³ The attacks, organized by the IRGC-affiliated Basij, ensued following protests over the execution of Sheikh Nimr al-Nimr, a Shiite cleric and opposition figure in Saudi Arabia.²⁴ In light of the attacks, Saudi Arabia and Bahrain severed diplomatic relations with Iran, and the United Arab Emirates (UAE) reduced ties. Iran's relations with GCC member states entered one of their most tense periods, even as Tehran continued to maintain relations with Oman, Qatar, and Kuwait.

The Saudi-led diplomatic rift in June 2017 with Qatar pushed Doha closer to Tehran. Meanwhile, as the Yemeni crisis turned into a full-blown war, the IRGC saw fertile ground in increasing its activities in Yemen in support of the Houthi rebels.²⁵ On the other hand, following the rise of the Islamic State in Iraq and Syria between 2014 and 2017, the Quds Force expanded its role in those two countries under the pretext of fighting against the radical group, further advancing Iran's regional role. These factors led to the gradual dominance of the IRGC in the region, and with it, the triumph of the military-security approach to regional policy. All the while, Rouhani continued to call for cooperation with Saudi Arabia to help secure the region.²⁶

U.S. president Donald Trump's maximum pressure campaign against the Islamic Republic consolidated the dominance of the military-security view for Iranian regional policy. After withdrawing the United States from the nuclear deal, the Joint Comprehensive Plan of Action (JCPOA), in May 2018, Trump reimposed and expanded unilateral sanctions against Iran. The Rouhani administration first tried to offset the economic damage caused by the sanctions by beefing up economic diplomacy in the region. When Rouhani visited Iraq in 2019, economic cooperation topped the agenda of his talks with officials.²⁷ In mid-2018, Iran had even begun to develop an economic agenda involving Syria that resulted in several bilateral agreements in trade and infrastructure.²⁸

The turning point in Iran's foreign policy occurred exactly one year after Trump reneged on the JCPOA, and Tehran adopted the so-called maximum resistance strategy in

stead of strategic patience, in place since May 2018. In a speech on 21 May 2019, Rouhani said that although he favored talks and diplomacy, under the circumstances »resistance« was the only approach available.²⁹ By then, Tehran had already begun to reduce its nuclear commitments under the JCPOA in response to the remaining signatories failing to provide Iran with the expected economic benefits of the agreement.³⁰ Meanwhile the military-security complex adopted a counterpressure strategy by increasing verbal and physical threats against Washington's allies in the region and put it into action in the Persian Gulf after Saudi Arabia and the UAE asserted their satisfaction, if not alignment, with Trump's maximum pressure policy. Even before the Iranians officially unveiled their maximum resistance campaign, the Saudi crown prince, Muhammad bin Salman, had spoken of taking »the war« with the Islamic Republic inside Iran.³¹ A sabotage operation against oil tankers at the UAE port of Fujairah in May 2019, attacks on two other tankers the following month, and an unprecedented increase in Houthi missile attacks against critical targets in Saudi Arabia all bore evidence of the IRGC's fingerprints, although Tehran officially denied any involvement.³²

The assassination of Quds Force commander Qasem Soleimani by the United States in January 2020 opened a new chapter in Iran's counterpressure strategy. Following the incident in Baghdad, senior Iranian officials, including Khamenei, announced the »expulsion of the United States from the region« as the main tenet of Iran's regional policy.³³ Three days after Soleimani's assassination, the Iranian parliament approved an additional 200 million euros for the Quds Force.³⁴ An IRGC missile strike against a military base housing American soldiers in Iraq's Anbar province represented Iran's direct military response to Soleimani's assassination.³⁵ After that pro-Iran militias under the new banner of the Iraqi Resistance Front significantly increased their attacks against U.S. targets in Iraq.³⁶ In Syria, Iranian and Iran-backed forces also intensified their activities against U.S. troops stationed in the eastern part of the country.³⁷

Today, although Zarif continues to speak of de-escalation in the region,³⁸ diplomacy has been thoroughly marginalized. Thus, the military-security view has radicalized Iran's behavior in the region even with the moderates still in office.

²² Alalam 2017.

²³ Hubbard 2016.

²⁴ Mashregh News 2016.

²⁵ Saul, Hafezi, and Georgy 2017.

²⁶ Mosalas Online 2019.

²⁷ Azizi 2019.

²⁸ Azizi, and Issaev 2019.

²⁹ Times of Israel 2019.

³⁰ Deutsche Welle 2019.

³¹ Khan 2017.

³² Kirkpatrick, Pérez-Peña, and Reed 2019. Deutsche Welle 2020. Al-Jazeera 2020.

³³ Euronews 2020.

³⁴ Khabar Online 2020.

³⁵ Loveluck 2020.

³⁶ Frantzman 2020.

³⁷ Al-Monitor 2020.

³⁸ Independent Persian 2020.

IMPLICATIONS FOR THE PERSIAN GULF AND THE LEVANT

The anticipated victory of a hardline figure in the 2021 presidential elections would give the hard-liners full control of Iran's elected institutions. As a result, the military-security view would effectively become the official foreign policy approach of the country, signs of which can already be seen in the stances taken by the new parliament, elected in February. Mohammad Bagher Ghalibaf, a former IRGC general and now speaker of the parliament, has openly called for bolstering Iran's military strength to guarantee national security. In May 2020 he was reported as saying, »The Islamic Republic's growing regional power has led to the expansion of its strategic depth, ... and by increasing deterrence capabilities, has deprived the enemy of the courage to invade this land.«³⁹ Ghalibaf's special assistant for international affairs, Hossein Amir-Abdollahian, an advocate of a hardline approach towards Saudi Arabia, supports an active Iranian military presence in the region. »If there is to be defense, it [should be] hundreds of kilometers away from our borders,« he said in 2019.⁴⁰

Consolidation of the hardline approach in the Islamic Republic's foreign policy would affect Iran's behavior in the Middle East in general and in the Persian Gulf and the Levant in particular. In the Persian Gulf, the most significant consequence would be the continuation or intensification of tensions with Saudi Arabia. From the viewpoint of the hardline camp, effectively deterring Saudi Arabia from threatening Iranian interests, either alone or in cooperation with its allies, requires maintaining a credible military posture against the kingdom. That said, due to the high cost of a possible military conflict and the risk of international isolation, Tehran will want to avoid a direct military confrontation with Riyadh. Therefore, the most likely option is to keep the Saudis stuck in the »Yemeni quagmire« by increasing support for the Houthis.⁴¹ Iran's support for its allies in Yemen has been much more indirect, with fewer officers and military advisors on the ground and more military-technical support, than its approaches in Iraq and Syria. It is safe to argue that for Iran, its involvement in the Yemeni conflict has been an effective way to keep the Saudis in check with minimal costs. However, the continuation of the Yemen crisis will make any normalization of ties between Iran and Saudi Arabia difficult, if not impossible.

At the same time, by trying to maintain the status quo in its relations with other GCC member states, Tehran will seek to prevent the council from turning into a unified anti-Iran front. The main pillar of this policy is to keep Oman and Kuwait neutral and expand ties with Qatar. In this vein, in a meeting with the Qatari ambassador to Tehran, in July 2020, Ghalibaf condemned the Saudi sanctions against Qa-

tar, calling for expanded ties between Tehran and Doha.⁴² Even after Qatar and the other GCC member states reached an agreement in early January 2021 to end their dispute, Iranian foreign minister Zarif interpreted the development as the result of Qatar's »brave resistance to pressure and extortion.«⁴³ Qatar's foreign minister, Sheikh Mohammed bin Abdulrahman Al Thani, said the reconciliation agreement would not affect Doha's relations with Tehran.⁴⁴

Meanwhile, Iran's approach toward the UAE will likely be somewhat different. There is one view in the Islamic Republic that Iran's indirect show of force against Abu Dhabi – manifested in the tanker attacks in the port of Fujairah in early 2019 and Houthi threats to launch missile strikes against the UAE changed the Emirates' behavior toward Iran. Growing disagreements between the UAE and Saudi Arabia on Yemen and gradual moves by Abu Dhabi toward improving ties with Tehran were seen as signs of this trend.⁴⁵ The UAE's decision in August 2020 to formally normalize relations with Israel, however, renewed pessimism about Abu Dhabi in Tehran, which sharpened its rhetoric against the UAE and issued warnings. The IRGC released a statement calling the UAE-Israeli agreement a »strategic mistake and historical stupidity,«⁴⁶ and the chief of staff of the Iranian armed forces, Maj. Gen. Mohammad Bagheri, warned, »If something happens in the Persian Gulf region and the Islamic Republic of Iran's national security is damaged, we will hold the UAE responsible and won't tolerate it.«⁴⁷ Thus UAE-Israeli normalization has reduced the possibility of a full rapprochement between Tehran and Abu Dhabi while increasing the risk of conflict in the Persian Gulf. With other countries in the region following in the UAE's footsteps in normalizing ties with Israel in late 2020, the likelihood of a military escalation in the region could increase.

Meanwhile, Iran's approach toward its fellow members of the so-called »axis of resistance« – Iraq, Syria, and Lebanon – is expected to include two main elements: trying to minimize the U.S. presence and influence in those countries and moving to expand its network of threats and deterrence against Israel. Neither plank is expected to change as a result of Trump's exit from the White House.

In Iraq, the Islamic Republic will continue trying to force the United States from the country by applying political and military pressure. At the political level, Tehran could exert direct diplomatic pressure on Baghdad and indirect pressure through pro-Iran political factions to implement the Iraqi parliament's decision to expel U.S. troops. At the military level, Iran-backed militias will continue sporadically attacking U.S. interests in Iraq. The strategy undoubtedly

³⁹ Student News Network 2020.

⁴⁰ Tasnim News Agency 2019b.

⁴¹ Motahari 2020.

⁴² Young Journalists Club 2020.

⁴³ Reuters 2021.

⁴⁴ Middle East Eye 2021.

⁴⁵ Mashregh News 2019.

⁴⁶ Khabar Online 2020.

⁴⁷ Deutsche Welle Persian 2020.

carries the risk of a military response by the United States. In Syria, Iran is already focused on putting pressure on U.S. forces stationed east of the Euphrates. Iran and the Syrian regime have tried to open a front against the predominantly Kurdish, U.S.-backed Syrian Democratic Forces by mobilizing local Arab tribes in Deir ez-Zor province.⁴⁸ As the Biden administration is expected to reassure the Syrian Kurds of its support and renew Washington's commitment to their long-time U.S. allies in Syria,⁴⁹ Tehran and Damascus may face problems realizing their plan.

Meanwhile, there are signs that Iran-backed groups have increased activities in southern Syria close to the Israeli border and the Golan.⁵⁰ Under pressure from Russia, Iran had long kept a low profile in the area. Furthermore, Tehran and Damascus signed a comprehensive military cooperation agreement in July 2020 under which Iran would help strengthen Syria's air defense system against Israeli attacks.⁵¹ As such, it could be said that reinforcing both its offensive and defensive military capabilities against Israel has become, and will continue to be, one of the main pillars of Iran's strategy in Syria. Israel's response has thus far been to increase attacks against Iranian positions in Syria. With both sides attempting to shift the balance of power in Syria in their favor, the risk of a direct military confrontation between Iran and Israel will continue to grow. If Biden decides to follow Trump's footsteps in giving Israel a blank check to continue striking Iranian positions in Syria, it may increase the risk of sparking a direct or indirect conflict between Iran and the United States there.

Iran faces an even more complicated situation in the case of Lebanon, where public protests ongoing since late 2019 threaten the position of its ally Hezbollah.⁵² Meanwhile, the complexity of the Lebanese political scene, including the involvement of foreign actors, among them France, Saudi Arabia, and the United States, limits Iran's ability to affect the course of developments in the country. As a result, Iran has no choice but to adopt a cautious approach. In this vein, while continuing to support Hezbollah, Tehran is also expected to refrain from taking steps that might be interpreted as direct interference in Lebanese politics. It could thus be argued that Lebanon is a place where the limits of Iran's hardline regional approach have already become apparent.

CONCLUSION

Early in 2021, the last year of Rouhani's second term, it was already clear that his ideas for de-escalating tensions with the Persian Gulf states had failed and that Iran's regional policy had become increasingly radicalized. As a result, the consolidation of the hardline camp's dominance

over politics in post-Rouhani Iran will likely entail more continuity than change in the Islamic Republic's behavior in the region.

The most crucial aspect of this might be that to date, the differing viewpoints of the Rouhani administration and the hard-liners have, in some cases, led to a more balanced policy outcome regionally. Iran's active participation in the Astana peace process on Syria and the establishment of the Syrian Constitutional Committee, in which the Iranian Foreign Ministry, rather than the IRGC, played a leading role, is one example of this. By focusing on regional economic diplomacy, the Rouhani administration succeeded in amplifying the potential of economic ties with Iraq. The hardline camp's overemphasis on the military aspect of Iran's regional approach and prioritizing the confrontation with the United States will likely, however, marginalize economic relations. The resulting imbalance between the political-economic and military-security elements of Iran's regional approach will result in heightened regional tensions, thereby increasing the likelihood of a conflict between Iran and the United States or its allies, in particular Israel, Saudi Arabia, and the UAE. Iran's increased focus on the military aspect of the Syrian and Yemeni crises also stands to make political solutions for the conflicts there even more difficult. All these means that if the hard-liners truly manage to monopolize power in Iran, a riskier and more challenging period in the region can be expected.

Meanwhile, although Trump's departure from the White House and his replacement by Biden has raised hopes for renewed diplomatic engagement between Tehran and Washington, the current Iranian approach toward the region is not expected to change. Since Soleimani's assassination, the Islamic Republic has considered expelling the United States from the region a strategic priority. In Khomeini's eyes, there is no fundamental difference between American Republicans and Democrats. As he stated, »The hostility [against Iran] is not just from Trump's America, which supposedly some could say would end when he leaves.«⁵³ The hardline camp broadly shares this view. Moreover, the post-election chaos in the United States appears to have led Khomeini and the hard-liners to conclude that U.S. power is »in decline.«⁵⁴ Thus, the hard-liners would probably try to accelerate the process of its expulsion from the region, rather than attempt to come to terms with the Biden administration on regional issues. Given this, although Iran has expressed a willingness to revive nuclear diplomacy with the new U.S. administration, it is difficult to foresee diplomatic spillover into regional issues, especially if the Iranian hard-liners further consolidate their domestic position.

⁴⁸ Fars News Agency 2020.

⁴⁹ Erdemir, and Kowalski 2020.

⁵⁰ Gross, and Boxerman 2020.

⁵¹ Nadimi 2020.

⁵² Collard 2019.

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6

IRAN'S RESISTANCE ECONOMY: AMBITIONS AND REALITY

David Jalilvand

In the economic realm, Iran's answer to the international sanctions against it took the form of a new leitmotif for economic policy. Seeking to reduce vulnerabilities stemming from the sanctions, Supreme Leader Ali Khamenei introduced what he called a *resistance economy* as an alternative economic path.

The concept of the resistance economy resonates in particular with the more hard-line factions, but all of the political actors in the Islamic Republic reference it; the term was, after all, conceived by the supreme leader. Thus, as political momentum in Iran has shifted toward the more radical end of the political spectrum with the implementation of the United States' maximum pressure campaign in 2018, the resistance economy returned to the fore after its introduction during the Barack Obama administration.

Despite the degree to which the term *resistance economy* looms over Iran's economic discourse, the concept remains highly contested. Khamenei's own delineation has been rather vague but reflects a general desire to diversify the economy without providing much by way of specifics. Thus the different political factions interpret the term according to their respective agendas. Far from offering concrete policy guidance, the resistance economy has become part and parcel of inter-factional competition.

On a more general level, the prevalence of the resistance economy in the national discourse demonstrates the importance that the Islamic Republic's political actors across the board attach to economic matters.¹ In fact, economic hardship among growing segments of the Iranian population has become a serious threat to political stability.² The political factions have responded in differing ways.

Within the framework of the resistance economy, Iran made important advances to diversify its economy over the past decade, managing to somewhat reduce its vulnerability to

sanctions. On the downside, however, sanctions continue to significantly hamper economic growth, notwithstanding progress in economic diversification. In particular, the impact of the sanctions is still severely felt by a majority of the Iranian people, especially among the lower-middle and working classes, which suffer in particular from a dramatic loss of purchasing power.

Against this backdrop, it is no surprise that Iran's current political shifts reverberate in the arena of economic policy. This situation invites a closer examination of the achievements and shortcomings of the resistance economy as well as the implications related to inter-factional competition in Iran.

AN AMBIGUOUS LEITMOTIF

Khamenei coined the term *resistance economy* (*eghtesad-e moghavemati*) in 2010 amid the economic and financial sanctions of the Obama administration.³ Rhetorically, it takes up the Islamic Republic's revolutionary discourse, in which resistance against oppression plays an important role. In the 2010s it became the leitmotif and framework of Iran's economic discourse. It also remained the discursive reference point during the period of sanctions relief between the implementation of the Joint Comprehensive Plan of Action (January 2016), the nuclear deal (JCPOA), and the U.S. withdrawal from that accord (May 2018). Towards the end of the last decade, in the context of the Donald Trump administration's maximum pressure campaign, the resistance economy regained traction.

The resistance economy in general offers an alternative economic path in attempting to reduce the vulnerabilities resulting from international sanctions. In Khamenei's own words, »The economy of resistance means the kind of economy which is resistant and which is not strongly influenced by global fluctuations and by the policies of America and other countries. It is an economy which is reliant on people.«⁴ Of note, he has not issued a publicly available comprehensive strategy document detailing milestones and strategies for reaching them. As such, the resistance economy is a broad political vision rather than a specific policy concept.

1 This starkly contrasts with the outlook of the founder and leader of the revolution, Ruhollah Khomeini, who in the wake of the 1979 revolution dismissed economic issues, referring to them as »a matter of the donkey«. See Arjomand 2009, p. 56.

2 On the back of mounting economic pressure, over the past few years Iran has experienced numerous nationwide protests, which authorities violently suppressed.

3 BBC Persian 2010.

4 Khamenei 2014b.

Most specifically, Khamenei outlined his vision of the resistance economy in 2014, in a twenty-four-point list. Among the items were promoting economic participation, creating a knowledge-based economy, reducing imports of key products, promoting the consumption of domestic products, increasing value-added exports, advancing regional cooperation, reducing dependency on oil and gas exports, extending the value-chain in energy, and increasing taxation.⁵ Of importance, in contrast to what the term appears to imply – economic autarky – Khamenei stressed that the resistance economy does not seek to curtail Iran's international economic links.⁶

Essentially, these points mirror what was already the long-standing objective of Iran's economic policy predating the 1979 revolution: to diversify the economy.⁷ Thus, in a sense, Iran had already been in pursuit of a resistance economy *avant la lettre*. The term *resistance economy* creates a revolutionary image for the country's efforts toward economic diversification. Revolutionary language aside, however, the bulk of Khamenei's twenty-four points could easily also feature on the diversification agenda of other petroleum states.

While outlining the desired economic trajectory, the prescriptions of the resistance economy are, as noted, comparably vague. In particular, they do not resolve the rather fundamental differences in the economic worldviews of the Islamic Republic's various factions. Quite to the contrary, Khamenei's points on the resistance economy intentionally cater to both sides of the ideological divide. To this end, Khamenei remains deliberately ambiguous, a tactic the supreme leader has used in other matters, making sure to stay above the factional fray.⁸

As a result of Khamenei's ambiguity, the political factions have interpreted the resistance economy according to their respective economic worldviews. The more hard-line factions close to the Islamic Revolutionary Guard Corps (IRGC) seek to reduce reliance on imports, export earnings, and finance from abroad (except at the regional level and with some arguing that ties with China and Russia should be promoted). They maintain that this reduces the country's vulnerabilities in the context of sanctions. This stance is also

supported by other factors. The IRGC's economic arm, for instance, greatly benefited from Iran's sanctions-induced isolation as competition from abroad decreased, and the guards also profited from smuggling (through its control of key ports and border crossings), money laundering, and access to the state's preferential exchange rates. The rather isolationist zeitgeist of the hard-line factions is also guided by the belief that less economic exposure at the global level will prevent the infiltration of liberal Western culture into the country while ensuring that the Islamic Republic continues in line with its revolutionary mission (and does not end up normalizing relations with the West).⁹ Points in Khamenei's resistance economy agenda like reducing imports of key products, overcoming reliance on oil exports, and promoting regional cooperation resonate with this camp.

Notably, there has been some evolution in the position of the broader hard-line camp. As Iran increased economic activity at the regional level, IRGC-affiliated companies moved to the forefront. In the wake of this, the mindset of some IRGC economic decision makers changed: Having realized the benefits of international engagement firsthand, they began to move away from strenuously shielding the Iranian economy. Overall, however, this had not (yet) led to a fundamental reorientation of the hard-line factions' economic worldviews.¹⁰

On the other side of the factional spectrum, the moderate and reformist factions largely follow the economic agenda introduced in the 1990s by President Ali Akbar Hashemi Rafsanjani (1989–1997), calling for a liberalization of the economy and international cooperation to attract finance and trade (without which the Islamic Republic would not be able to flourish economically).¹¹ This approach prioritizes growth over questions of distributive justice. Its adoption in the 1980s and 1990s was very much shaped by the traditional *bazaar* merchants' desire to protect private property and trade against Marxist-inspired notions of nationalization and redistribution. Meanwhile, the post-Khomeini-era Reformists, who advocated leftist economic thought in the 1980s, shifted their focus to questions of civil rights and liberalism while largely subscribing to Rafsanjani's (neo)liberal economic agenda.¹² President Hassan Rouhani, by and large, has built on the economic concepts of the presidencies of Hashemi Rafsanjani and Mohammad Khatami (1997–2005). For this camp, Khamenei's agenda entails crucial points as well, for instance creating special economic zones to attract international finance and technology, reducing public expenditures, financial reform and increasing transparency, and fighting corruption.

⁵ ISNA 2014. Khamenei 2014a.

⁶ Khamenei has been quite explicit about this: »The economy of resistance grows from the inside. What does this mean? It means that it originates from the capacities of our own country and our own people. The growth of this seed and this tree is reliant on the resources of our own country... But at the same it, it is not introverted. That is to say, the economy of resistance does not mean that we should build a wall around our economy and that we should confine it to domestic areas. This is not what we mean by the economy of resistance. It grows from the inside, but it is extroverted. It interacts with global economies and it has powerful relations with the economies of other countries.« See Khamenei 2020a.

⁷ On Iran's economic diversification, see Jalilvand 2016.

⁸ Khamenei took a similar stance during the negotiations leading to the 2015 nuclear deal, expressing his confidence in the government's negotiation efforts (catering to the moderates) while maintaining that the United States could not be trusted (catering to the hard-liners). See Torbati 2013.

⁹ Posch 2011, esp. pp. 15-16.

¹⁰ Discussion with Bijan Khajehpour, 9 February 2021.

¹¹ On Rafsanjani's economic worldviews, see Arjomand 2009, p. 56 ff.

¹² Moslem 2002, esp. chapters 4-5.

Therefore, to the extent that the broad contours of a resistance economy can be outlined, the concept remains problematic when it comes to actual policy making, with the different camps emphasizing the aspects aligned with their views. Today the more conservative camp argues that Iran's vulnerabilities are best minimized if the country reduces imports to the maximum extent possible, effectively promoting import substitution.¹³ Meanwhile, the Rouhani administration frames its economic reform agenda, including the attempt to reconnect Iran to the global economy, as advancing the resistance economy.¹⁴ His supporters vocally argue that the resistance economy does not stand in the way of promoting international ties.¹⁵ Indeed, Khamenei's outline of the resistance economy contains several crucial points on Rouhani's reform agenda, among them the need for financial reform, anti-corruption measures, transparency, and foreign finance and technology.

The resistance economy outlined by Khamenei actually allows for directly competing interpretations. Conservatives argue, for example, that Iran's industry and domestic companies should be protected by excluding or limiting the role of foreign companies.¹⁶ In contrast, the government makes the case for technology and knowledge transfers via international cooperation, arguing that the strength of the resistance economy is increased if Iran expands its international economic ties.¹⁷ Beyond this, the very question of whether the government is or is not implementing the resistance economy has become a topic in domestic politics. On the one hand, the hard-liners accuse the government of failing to implement the resistance economy,¹⁸ but on the other, Rouhani has declared his administration the »champion« (*pirooz*) of the resistance economy.¹⁹ In terms of substance, it is noteworthy that social policy is not on the resistance economy agenda. Indeed, apart from a call to increase economic participation (and taxation), there are no items addressing the welfare of the people, including those struggling economically.

Thus, Iran's economic policy is certainly guided by the idea of the resistance economy in as much as it manifests the country's longstanding economic diversification ambitions. In terms of policy making, the Supreme Council of Economic Coordination was established in 2018 as a forum for the negotiation of policies among the Islamic Republic's power centers, bringing together the heads of government, the judiciary, and the parliament. The council allows for the adoption of elite consensus on policy matters, but as with the ambiguity surrounding the resistance economy

generally, its use does not dispense with the fundamental differences among the factions with respect to economic worldviews.

To the extent possible given the ambiguity of the resistance economy, the essence of the concept can be summarized as a general desire to reduce Iran's vulnerability to sanctions by advancing economic diversification based on three pillars:

- *Reducing international vulnerabilities.* As Iran has constantly faced varying degrees of international sanctions since the 1979 revolution, the resistance economy seeks to reduce Iran's vulnerability to them by lessening its dependence on international markets.
- *Strengthening domestic capabilities.* The resistance economy should continue to advance Iran's economic diversification process, which was initiated in the 1960s and 1970s. On the one hand, diversification would reduce dependence on oil exports, a relatively easy target for sanctions, and on the other hand, create wealth domestically and thus provide employment opportunities for Iran's large and growing population.
- *Stimulating domestic wealth creation by promoting exports.* Building on the other points, the resistance economy should promote domestic economic activity by creating wealth domestically beyond the consumption needs of Iran's own population. In this way, non-oil exports would further reduce dependency on oil exports and generate earnings that could be used to finance the country's import needs.

ACHIEVEMENTS: REDUCING VULNERABILITY TO SANCTIONS

In the context of the resistance economy, understood here as a general framework for economic diversification, Iran succeeded in somewhat reducing its vulnerability to sanctions over the past decade. In doing so, the country built on decades-long efforts to diversify its economy away from oil.

Of significance, Iran substantially extended the downstream value chain in oil and natural gas. This allowed the increasing utilization of its hydrocarbon resources domestically, which in turn reduced dependency on exports. For instance, Iran's oil-refining capacity stands some 30 percent more than a decade ago.²⁰ This has reduced the need to export crude oil, as more oil can be refined in the country. In the wake of this, Iran switched from being a net importer of gasoline to being a net exporter (mainly to regional markets).²¹ In parallel, it also significantly expanded

¹³ Young Journalists Club 2015; Young Journalists Club 2018.

¹⁴ President of the Islamic Republic of Iran 2016.

¹⁵ Khabar Online 2012.

¹⁶ PaydariMelli 2019; Young Journalists Club 2017.

¹⁷ Rouhani's chief of staff, Mohammad Nahavandian, asserted in 2016, »To increase the resistance of Iran's economy, we should expand ties with neighboring countries and the world.« See Sharafedin 2016.

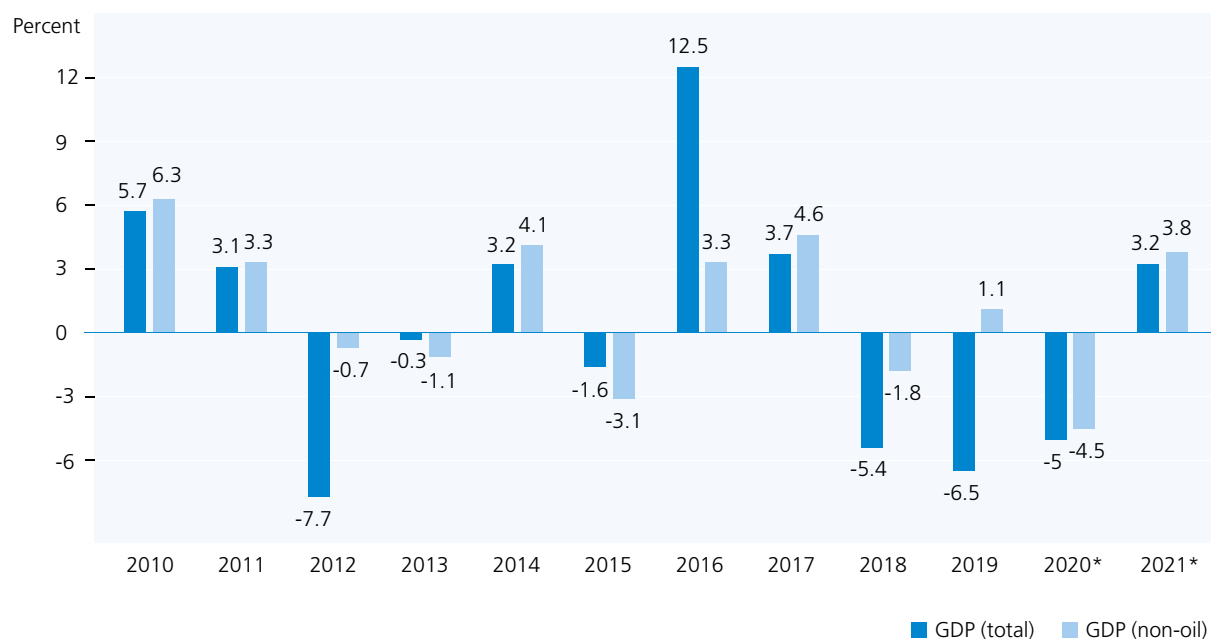
¹⁸ BBC Persian 2017a; Mojnews 2017; Bayat 2020.

¹⁹ BBC News Farsi 2017b.

²⁰ See bp 2020, p. 29.

²¹ Financial Tribune 2019.

Figure 1
Gross Domestic Product (GDP) and Non-oil Gross Domestic Product, 2010–21



*Projections

Note: In January 2021, the IMF updated its projections for Iran's overall real GDP growth to -1.5% for 2020 and 3.0% for 2021.

Source: International Monetary Fund 2020.

the production of petrochemical products,²² which use oil and natural gas as a feedstock, as well as energy-intensive products, such as aluminum, cement, and steel.²³ Doing so not only allowed Iran to increase value creation at home, but to also bolster local production of energy-based and energy-intensive items to a point allowing it to considerably ramp up the export of these value-added products. These value-added, non-oil exports are largely aimed at regional markets.

Notably, Iran has increased trade with most of its neighbors, regardless of political alignments (with the exception of Saudi Arabia). Regional trade offers the opportunity to take advantage of land-based logistics as well as alternative cross-border payment schemes, thus circumventing sanctions.²⁴ Iran has also increased the breadth of its trade relations in terms of geography (more export destinations, especially at the regional level) and of product composition (with greater product range and more value-added products).²⁵ These adjustments contributed substantially to partially softening the blow from sanctions.

Key economic indicators attest to Iran's advances thus far in diversifying the economy and reducing sanctions vulnerabilities. The picture becomes particularly clear when distinguishing between the country's total gross domestic

product (GDP) versus non-oil GDP (see Figure 1). Non-oil GDP, which represents economic activity outside the upstream energy sector, has been much less affected by the re-imposition of U.S. sanctions in 2018 than overall GDP (which reflects the losses in oil revenue). In other words, while succeeding in curtailing Iran's oil exports and foreign economic relations, U.S. sanctions were much less effective in hampering Iran's domestic economic cycle.

Iran's advances in economic diversification can also be seen in the growth of non-oil GDP, both in absolute and relative terms (see Figure 2). Throughout the past decade, Iran experienced substantial expansion of its non-oil GDP. This led to a broadening of the non-oil GDP's share of total GDP, which rose from 75 percent at the beginning of the 2010s to nearly 90 percent at the end of the decade. The growing share of non-oil GDP was not due only to a decline in oil revenue amid sanctions. Rather, the non-oil economy saw robust growth in absolute terms. Toward the end of the 2010s, Iran's real non-oil GDP was some 17 percent higher than at the beginning of the decade (despite prolonged periods under sanctions). This came on the back of strong growth especially in industry and services. In this context more recently, the sanctions-induced retreat of foreign companies and the price increases of imports expanded the market for locally produced products. The expansion of the non-oil economy not only lessened Iran's dependence on revenue from the energy sector, but also marked a shift in the broader economy, which has seen wealth creation moving from capital-intensive production in the energy sector to more labor-intensive production in industry and services (whose capital requirements never-

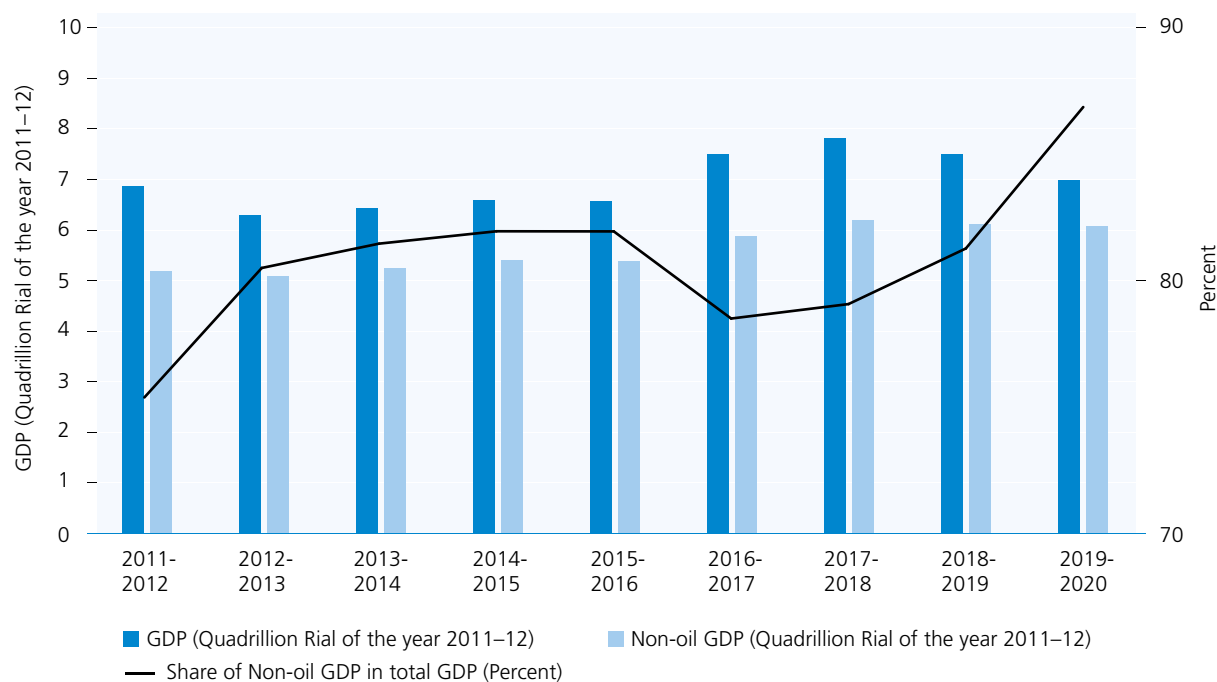
²² Donya-e-Eqtasad 2020.

²³ Statistical Center of Iran 2021.

²⁴ Trade Promotion of Iran 2019 and earlier years.

²⁵ Batmanghelidj 2020.

Figure 2

Iran's Real Non-oil Gross Domestic Product (GDP) in Absolute and Relative Terms, 1390-1398 (2011-12–2019-20)


Source: Statistical Center of Iran 2021

theless continue to exceed what Iran can realize, especially under sanctions).

Parallel to the expansion of non-oil economic activity, Iran's exports of non-oil products grew, another indicator of its advances in diversifying its economy.²⁶ In 2018/19, during which the United States re-imposed sanctions, Iran's non-oil exports totaled more than US dollars 39 billion. Industrial (50 percent) and petrochemical products (36 percent) comprise the bulk of non-oil exports. Of note, the exports of industrial products increased by some 48 percent over the five years preceding 2018/19. Thus non-oil exports have come to offer economic opportunities beyond the energy sector, especially at the regional level, where they now have a solid footing. In 2018/19, 58 percent of Iran's non-oil exports were to countries in Iran's neighborhood, and the trend is upward.²⁷ With regional trade less prone to sanctions, this constitutes an important development. Of significance, in 2020 the value of Iran's non-oil exports exceeded that of oil exports for the first time.²⁸

All in all, the resilience of Iran's economy notably improved over the past decade. Even in the face of the Trump administration's maximum pressure campaign – arguably the most extensive sanctions regime imposed against a single

country – Iran's economy proved able to largely absorb the shock after only two years. In fact, before the outbreak of Covid-19, Iran was expected to return to growth. Instead, the pandemic extended Iran's recession into a third year. The setback, however, merely delayed the end of the recession. Iran is expected to realize real GDP growth of three percent in 2021.²⁹

SHORTCOMINGS: NO PANACEA

As much as Iran's economy improved its resilience by advancing diversification under the umbrella of the resistance economy, the Islamic Republic remains highly vulnerable to sanctions. It is still not in important ways in a position to render the impact of sanctions irrelevant. As a result, the livelihoods of large segments of the population continue to be profoundly harmed by sanctions.

Despite absorbing the sanctions shock in a relatively short span of two to three years, Iran nonetheless suffered a profound loss in real GDP. By the end of 2019/20, Iran's real GDP was more than 10 percent less than two years prior (notably, before the Covid-19 pandemic deepened Iran's economic crisis over the course of 2020).³⁰ The contraction is even greater when calculated against unrealized GDP growth during the sanctions years. In early May 2018, just before the United States reneged on the nuclear deal, the International Monetary Fund projected Iran's real

²⁶ By 2018/19, non-oil exports reached \$39 billion, an increase of some 15 percent since the beginning of the decade. See Trade Promotion Organization of Iran 2019.

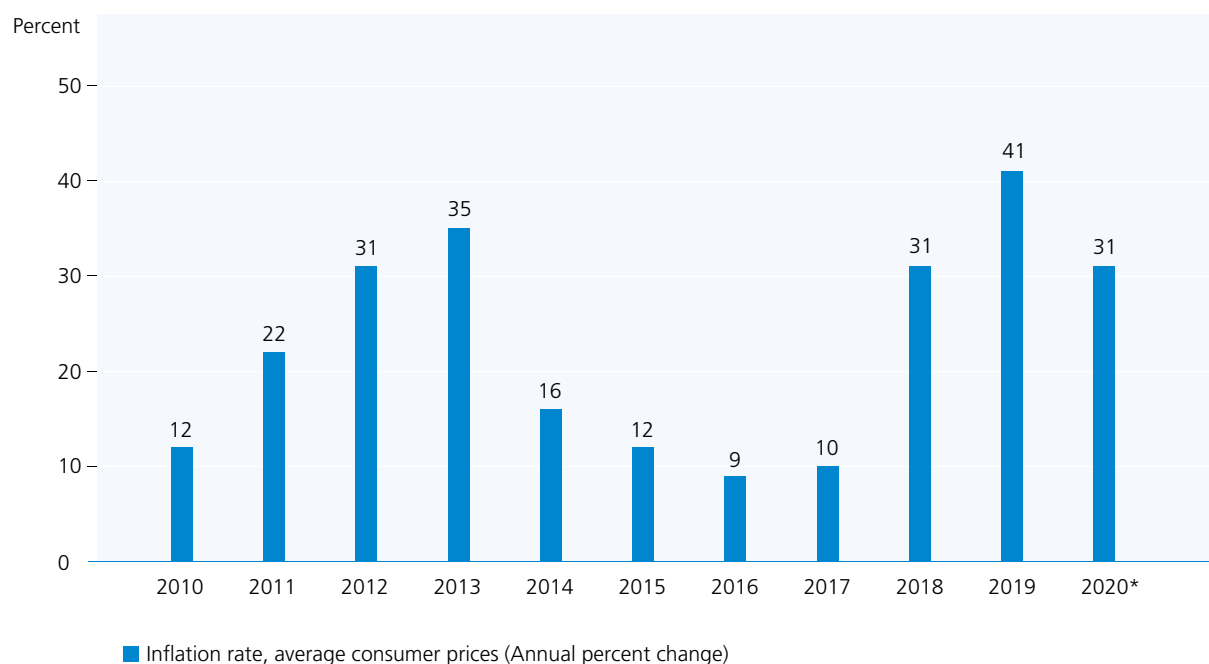
²⁷ Ibid.

²⁸ Financial Tribune 2020.

²⁹ International Monetary Fund 2021a.

³⁰ Statistical Center of Iran 2021.

Figure 3
Inflation Rates for Iran, 2010–20



*Projections

Source: International Monetary Fund 2020

GDP to grow by four percent in both 2018 and 2019.³¹ The contraction constitutes a tremendous loss of value for the Iranian economy.

Moreover, while Iran might return to the path of economic growth, the projected levels will be insufficient to overcome the country's structural problems. The estimated three percent in growth in 2021 will not even offset the contraction of the previous year, let alone allow Iran to prosper and realize its full economic potential.

In particular, as long as sanctions remain in place, Iran will continue to suffer from severe limitations in procuring and accessing hard currencies. With foreign trade collapsing because of the maximum pressure sanctions, Iran's balance of trade turned negative in 2020.³² Iran now takes in less hard currency than required to finance its import needs. Worse, in many cases, Tehran cannot even access its export earnings when trading partners withhold revenue in escrow accounts for fear of secondary U.S. sanctions. Moreover, several exporters have begun to (at least partly) enforce the use of their local currency in trade with Iran, which severely reduces Iran's flexibility in utilizing export revenue. Finally, amid sanctions, transaction costs for Iran trade have risen and while some imports also have become more expensive amid less competition. Altogether, sanc-

tions have forced Iran into a considerably weaker position with respect to financing its import needs.

Iran's negative balances of trade and payments have resulted in a massive devaluation of the rial. At the peak, in October 2020, the currency had lost 7.5 times its value against the U.S. dollar compared to at the end of 2017.³³ For importers without access to the state's preferential exchange rates, this resulted in a huge increase in the cost of imports. For private households, particularly among the middle class, imported consumer goods as well as trips abroad, for education or vacation, became unaffordable in many cases.

Arguably the most severe consequence of these developments was the return of extreme inflation. This reversed one of the Rouhani administration's key achievements – single-digit inflation. Following the re-imposition of U.S. sanctions, on the back of Iran's difficulties procuring and accessing hard currencies, inflation skyrocketed (see Figure 3). It has not fallen below 30 percent since 2018. On aggregate, the recent wave of inflation was more severe than the first one, during the sanctions regime of the Obama era.

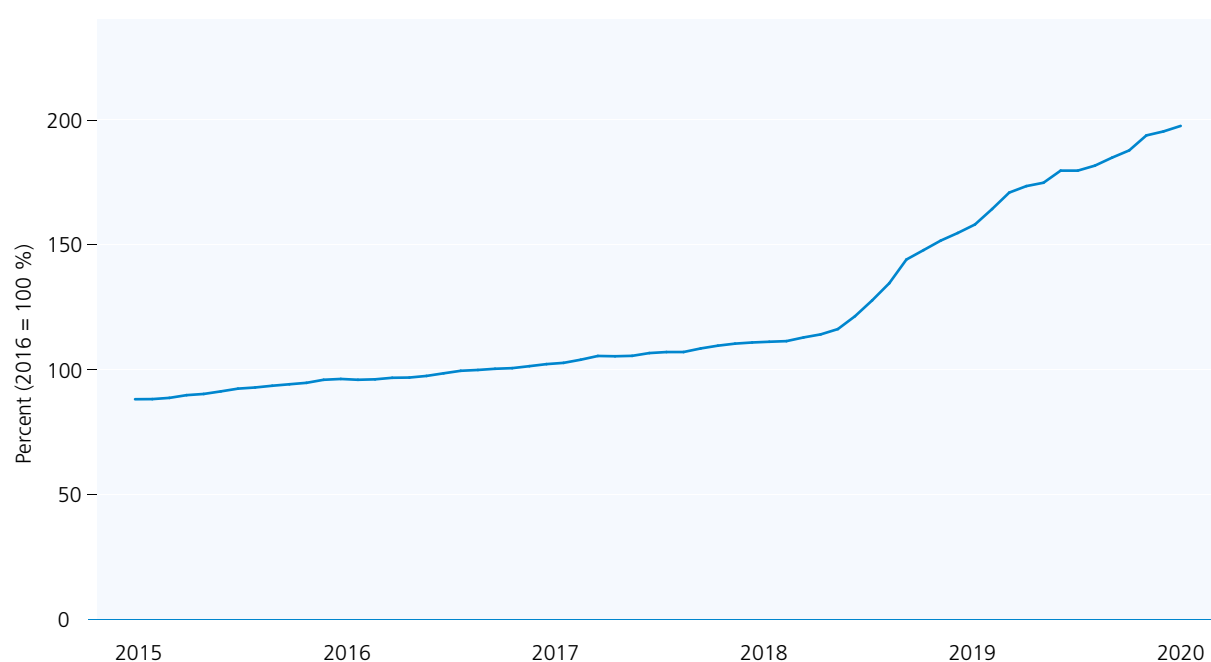
A direct consequence of the return of high inflation was a dramatic loss of purchasing power. Iran's consumer price index illustrates in broad terms how since the re-imposition

³¹ International Monetary Fund 2018.

³² Between the beginning of 2017 (first quarter) and the end of 2019 (fourth quarter), Iran's foreign trade collapsed by more than 70 percent (there are no significant seasonal fluctuations in Iran's foreign trade). IMF 2021b.

³³ On 31 December 2017, one U.S. dollar traded at 42,890 rials and on 15 October 2020 at 322,000 rials.

Figure 4
Consumer Price Index for Iran, 2015–20



Source: International Monetary Fund 2020

of sanctions in the summer of 2018 inflation has pushed costs for households upwards (see Figure 4). Iran's consumer price index nearly doubled over the course of one and a half years. In particular, the price of many essential goods rose steeply. For instance, between January 2018 and December 2019, the price of foodstuff and clothing by and large doubled.³⁴

Iran's socioeconomic crisis profoundly worsened as a result. According to local polls, more than eight percent of respondents said they had not consumed meat during the preceding twelve months while more than 14 percent stated they had only rarely consumed meat.³⁵ Similarly, the cost of housing, especially in urban areas, greatly increased, by some estimates by between 40 and 50 percent only within the first six months of 2020.³⁶

Overall, Iran's middle-class and poor experienced tremendous economic pressure in the wake of these developments. At the hands of sanctions, compounded by other factors such as lower oil prices or domestic mismanagement and corruption, poverty increased dramatically. In comparison with 2012, when the Obama-era sanctions picked-up, Iran's poverty rate almost doubled, rising from 6.4 to 12.1 percent in 2019. Rural areas have been particularly affected, with the poverty rate increasing 2.4 times over this period, from 9.5 to 22.9 percent. Important progress in reducing poverty in the 2000s has been reversed. Moreover, since

2011, eight million Iranians, some 10 percent of the population, descended from the middle class to the lower middle class. The lower middle class is particularly vulnerable as it tends to share many socio-economic challenges with the poor, albeit without qualifying for government assistance.³⁷

IMPLICATIONS FOR INTER-FACTIONAL COMPETITION

Iran's advances in economic diversification under the umbrella of the resistance economy have bearing on the country's political shifts. Of most importance, they have contributed to a shift in the political elite's perception of the country's economic position. Across the factional spectrum, decision makers assume that Iran is increasingly less vulnerable to sanctions, albeit to varying extents.

In this context, it is important to remember that contrary to what one might assume, there is no dichotomy between the supreme leader's resistance economy and the Rouhani government's engagement approach. Promotion of the resistance economy transcends the factional divides. From a conceptual point of view, the resistance economy easily accommodates the Rafsanjani-inspired economic (neo)liberalism and international cooperation as promoted by the Rouhani government.

Regardless of this, the more hard-line factions have been somewhat able to claim the leitmotif of the resistance econ-

³⁴ IMF 2021b.

³⁵ ISNA 2020b.

³⁶ ISNA 2020a.

³⁷ Salehi-Isfahani 2020.

omy for themselves. Trying to align themselves with the supreme leader, the hard-liners have not only embraced the notion of the resistance economy more enthusiastically than the moderate forces, but have also succeeded to a considerable extent in framing their ideological dispute with the government over economic policy as a contest over implementation of the resistance economy.³⁸

The association of the resistance economy with hard-line forces has been augmented by overall political momentum having shifted toward the more radical end of the Islamic Republic's political spectrum.³⁹ Washington's withdrawal from the nuclear deal and the re-imposition of sanctions emboldened the camp interpreting the resistance economy in an isolationist sense. Moreover, moderate and reformists voices emphasizing the importance of an end of the sanctions regime for the country's economic prosperity tend not to frame their arguments within the discourse of the resistance economy.⁴⁰

The popularity of the hard-liners' interpretation of the resistance economy is not only reinforced by political factors surrounding questions about the impact of sanctions and the benefits of international agreements, but is also strengthened by domestic socioeconomic issues. The shrinking of the middle class, among the key constituencies of the Rouhani government, has reduced the moderate camp's base of political support. It is here that considerations of social policy and welfare being largely absent from the Rouhani government's economic agenda have come to haunt the moderate camp. In contrast, the hard-liners have long advocated their visions of social justice alongside their views on how to structure economic relations at the international level. Certainly, the hard-liners' social policy concepts do not necessarily resonate with the majority of (formerly) middle-class Iranians, plus the countrywide protests over the past few years point to general political and socioeconomic dissatisfaction among substantial segments of the population. Nevertheless, the deterioration of the broader socioeconomic situation in the wake of the U.S. maximum pressure campaign has provided the hard-liners with a platform from which to loudly promote their social policy visions, including linking them to their interpretations of the resistance economy.

It is important to underscore that these developments are not, however, an outcome of the resistance economy being implemented as designed. Rather, they are a reflection of the political pendulum having swung toward the more radical side on the spectrum.

In moving forward, Iran's advances in diversifying its economy have altered the stance of Iran's political actors toward negotiations over the nuclear dossier (and beyond).

³⁸ Commentators often portray the resistance economy as what the hard-liners are advocating. See for example Shahla 2020; Goodman 2020; Mohammadi 2018.

³⁹ See Zamirad in this volume.

⁴⁰ E.g., see Entekhab 2021.

Across the political spectrum, there is a general belief that less vulnerability to sanctions translates into Iran no longer needing a diplomatic arrangement with the United States as much as in the past. For example, in December 2020, Rouhani confidently asserted, »The economic resistance has born [*sic*] fruit and those who have imposed sanctions will have to reverse their approach.«⁴¹

The assumption that Iran's economy does not require the lifting of sanctions to prosper is particularly pronounced among the hard-liners. It goes hand in hand with their political objections to more constructive relations with the United States. For instance, Hossein Salami, commander of the IRGC, argued, »Today, we have come to a point that we have really grown needless of the nuclear deal and we have understood that we should prioritize efforts to become needless of sanctions removal rather than staying in need of the removal of embargos.«⁴² The speaker of the parliament, Mohammad Bagher Ghalibaf, who in the past had supported the nuclear deal, now deems »negotiations and compromise with America... fruitless and harmful.«⁴³

By contrast, the government, representing the moderate camp, offers a more nuanced interpretation of Iran's economic situation. Similar to the hard-liners, it emphasizes that sanctions have failed to bring about Iran's economic collapse.⁴⁴ Nevertheless, it also admits the dire socioeconomic consequences brought about by the U.S. maximum pressure policy. Vice President Eshaq Jahangiri, for instance, publicly stated that the government is »fully aware« that the people's livelihoods are »under pressure« and that »it must be recognized that this pressure is a pressure the Americans have brought upon the country.«⁴⁵ The government also appears to have a clear vision of what the Iranian economy requires most urgently. The Foreign Ministry articulated this in highlighting the importance of sanctions relief permitting Iran access to frozen funds and facilitating oil exports and the repatriation of oil revenue.⁴⁶

Regardless of factional differences in the interpretation of Iran's economic situation, the growing resilience of the economy stands to complicate reaching a new diplomatic arrangement between Iran and the United States. The Islamic Republic's gradually declining economic vulnerability to sanctions advantages the hard-liners, who oppose diplomacy for political reasons. Thus, in tandem with the broader radicalization of Iranian politics, the country's economic advances tend to reduce the appeal of a new diplomatic deal. To varying degrees, Iran's political actors are convinced that the concessions they are

⁴¹ IFP News 2020.

⁴² Fars News 2021.

⁴³ BBC News Farsi 2020.

⁴⁴ Mehr News 2020; RFERL 2020.

⁴⁵ Certainly, sanctions offer the government a convenient pretext to deflect from own shortcomings. Nevertheless, Jahangiri's admission also stands for itself. Jahan News 2019.

⁴⁶ Shahla 2021.

asked to make outweigh the perceived benefits of sanctions relief.

Nevertheless, it is not a foregone conclusion that this makes a new diplomatic arrangement with the United States impossible. Quite to the contrary, the supreme leader's backing of the government's negotiation efforts carries huge political weight.⁴⁷ Notably, over the past months, Khamenei has used his political sway to halt moves by the hard-liners against the government.⁴⁸ Even with political momentum in favor of the radicals, the door to diplomacy remains open.

While maintaining the option of a diplomatic solution, the supreme leader's focus, unsurprisingly, is on buttressing the country's achievements from diversifying the economy under the umbrella of the resistance economy. »More than thinking about the removal of sanctions, you should be thinking about neutralizing sanctions,«⁴⁹ the supreme leader emphasized in an address to the Iranian nation in December 2020. On another occasion, in January 2021, Khamenei stressed, »We have to build our economy under the assumption that sanctions will not be removed and have to plan so that the country can be well managed without facing problems with the coming and going of sanctions.« Implementing the resistance economy would be key to this, he noted.⁵⁰

In an ironic twist, for the resistance economy to succeed will ultimately require a diplomatic solution guaranteeing effective sanctions relief. As much as Iran's economy has diversified and improved in terms of resilience, local economic activity and exports at the regional level are insufficient to generate the capital required to create employment and wealth on a scale sufficient to lift 80 million people out of their dire economic situation at the household level. To unlock the vast potential of the economy, Iran continues to rely on investments and trade at the global level, and to this end, on an arrangement with the United States that results in reliable sanctions relief. It remains to be seen whether those in Iran who share this view can succeed politically while stuck between rising radicals at home and complex negotiations abroad.

⁴⁷ In December, next to criticizing the United States and Europe, Khamenei maintained that Iran should continue efforts aimed at removing sanctions. The lifting of sanctions should not be delayed »by even one minute,« Khamenei maintained. See Khamenei 2020b.

⁴⁸ For example, the supreme leader called off a parliamentary effort to impeach Rouhani in July 2020. Khamenei also publicly reined in hard-line critics of Rouhani in October 2020. See Radio Farda 2020a. Radio Farda 2020b.

⁴⁹ Khamenei 2020b.

⁵⁰ Khamenei 2021.

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RADICALIZATION IN THE ROUHANI YEARS

Iran's Political Shifts and their Implications



Iran's radicals are on the rise. With the United States having reneged on the nuclear deal and re-imposed sanctions, President Hassan Rouhani was unable to deliver on his main objective: economic growth. The failure of his project to moderate Iranian policy portends lasting consequences beyond shifts in the Islamic Republic's usual inter-factional competition. Not only are the more hard-line forces enjoying a political tailwind as the moderate approach continues to lose traction among Iranians, but even the moderate camp is increasingly embracing more radical positions.



The Rouhani government's policy failures have profoundly weakened Iran's moderate and reformist forces. The hard-liners – having won 2020 parliamentary elections after the large-scale exclusion of moderate and Reformist candidates – are now aiming for the presidency in elections scheduled for June 2021. The more hard-line camp is, however, rife with intense inter-generational disputes over both principles and power. While continuing to serve as the most loyal defenders of the Islamic Republic, the hard-liners, especially the hezbollahis, have proven to be highly adaptive in the face of domestic and international challenges and developments.



The radicalization of Iranian politics will significantly impact the Islamic Republic's foreign policy, especially with respect to the nuclear file and approaches to states in the Persian Gulf and the broader Middle East. Given Iran's recent experiences, the West will find it more difficult to engage Tehran on the nuclear issue. In regional affairs, the hard-liners, already largely driving Iran's approach, will be even less constrained as competing diplomatic and economic initiatives by the moderate-leaning government continue to wane. Moreover, Tehran's willingness to engage in negotiations and to make concessions has decreased in light of its progress in diversifying the economy under the umbrella of the »resistance economy«, which in the eyes of the leadership reduces Iran's vulnerability to sanctions.

Further information on the topic can be found here:

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