IRAN:

THE STRUGGLE FOR

THE REVOLUTION’S SOUL

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IRAN: THE STRUGGLE FOR THE REVOLUTION’S SOUL

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Iran is at a crossroads. More than two decades after the revolution that swept Supreme Leader Ayatollah Ruhollah Khomeini into power, its people and leaders are deeply torn about the country’s future. The outcome of the struggle for the revolution’s soul will resonate across the Middle East and have major implications both strategically and for ongoing efforts to curb violence, including terrorism, in the region. The internal struggle is fluid and unstable. While the notion of a clear-cut battle pitting conservatives against reformers is appealing, it does not do justice to the reality. There are divisions within both camps and connections between them; indeed, some actors may be “conservative” on certain issues and “reformers” on others. Likewise, the idea that Iran’s rulers can be dismissed en bloc as obstacles to reform overlooks the genuine differences that exist regarding the proper role of religion, democracy, social norms, economics and foreign policy. The complexity of Iran’s domestic situation makes it all the more difficult – but also imperative – for the international community to exercise caution, properly fine-tune its actions and anticipate their impact.

Powerful conservative clerics and security officials do maintain significant control over many key centres of power, including the military, intelligence services and the judiciary, and use covert means to circumvent their rivals’ nominal control of the foreign policy apparatus. Supreme Leader Ayatollah Ali Khamenei, Ayatollah Khomeini’s successor, stands at the head of this loose coalition. Although Khamenei still wields tremendous power, it is far less than that enjoyed by Khomeini, whose authority from 1979 to 1989 was undisputed, restricted by neither constitution nor parliament. In contrast, Khamenei does not possess the personal authority or full religious credentials to neutralise the rival clerical camps. As a result, he has to work much more actively to maintain a conservative coalition that supports his over-arching role in Iranian society.

At the same time, driven by economic dissatisfaction, a thirst for greater political representation and a decline in revolutionary passion, increasing numbers of Iranians are pushing for broad social and economic change. Forms of democracy unknown to most of the Middle East region have appeared, and the once all-powerful conservative clerical elite must contend with competing actors and institutions, as well as with an increasingly young and restive population that demands wholesale political, social and economic reform. President Mohammad Khatami, a liberal cleric elected in 1997 and re-elected in 2001 by wide margins, has become the symbol of Iran’s reform movement. Pro-reform candidates have consistently won roughly 70 percent of the vote in parliamentary and local elections. As a result, a disparate group of reformers has taken over all the country’s elective offices, though conservatives still control key non-elective positions, including that of the Supreme Leader, and the principal levers of power.

The composition of the reform movement is symptomatic of its growing appeal. Today, it is a coalition of the modernist (technocrat) right and the Islamic left – a remarkable evolution from only a decade ago, when the Islamic left, which had directed the take-over of the U.S. embassy in November 1979, still advocated hard-line, radical positions. At the same time, a strong internal movement of Islamic and intellectual dissent is appealing to sections of public opinion.
The power struggle between conservatives and reformers has largely resulted in deadlock in domestic and foreign policies alike. Forced to engage in a perpetual balancing act to sustain reform momentum without provoking a backlash, and unable to control vast areas of internal and external policy, President Khatami has been unable to undertake meaningful economic reform, significantly curb the power of the security services or open up the system to allow genuine freedom of speech and political participation. Since Supreme Leader Khamenei has ultimate authority over the army and an array of other security organisations – the Revolutionary Guards, the Basij militia, Law Enforcement Forces and intelligence agencies – conservatives enjoy a de facto monopoly on coercive force.

While Khatami has improved relations with Europe and much of the Arab world, relations with the U.S. remain hostage to hostile actions of the more conservative elements of Iran’s power structure. The ambiguities of Iran’s foreign policy are especially significant with respect to the highly sensitive issues of terrorism. Indeed, there is considerable evidence that Iranian security services continue to give support to political groups that resort to violence and acts of terror, particularly in the Middle East, where Iran’s policies have deliberately sought to undermine the peace process.

Iran’s political turmoil comes at a time – not coincidentally – of renewed debate in the West and particularly in the United States concerning policy toward that country. The reformers’ inability to take control of domestic and foreign policy has of late led to divergent policy responses by the West. The European Union, believing that it can bolster the more moderate elements of the regime, is continuing the cautious engagement policy it calls “critical dialogue”.

The United States has traditionally shared the goal of moderating Iran’s policies and strengthening the reformist wing but believed that this could best be achieved through the imposition of strict economic sanctions coupled with discrete overtures to the regime and the incentive of further engagement. Convinced that this policy mix has failed to alter Iran’s domestic and especially foreign policies, however, the United States more recently appears to have given up on the reformers’ ability to fundamentally transform the regime from within. Instead, it is increasingly placing its hopes in the popular movement of Iranians who support democracy.

The international debate about how best to deal with Iran reflects genuine uncertainty about how certain actions will play out in Iran’s highly complex and fluctuating domestic environment. Neither the outcome of the current internal power struggle nor the precise impact on that power struggle of specific outside interventions can be predicted with any certainty. Perhaps all that can be said at this stage with any confidence is that:

- Europe’s policy of critical dialogue has not yet translated into any fundamental change in Iran’s policies – whether in terms of its support for groups engaged in political violence and terror abroad or repression of those seeking greater freedom at home.
- A policy of blatant intervention in favour of the reformers within the ruling circles is not likely to be helpful, risking exposing them to the accusation of being agents of foreign design.
- Wholesale denunciation of Iran’s rulers threatens to force reformers in the power establishment, fearful of being branded as traitors to the revolution, to reluctantly close ranks with their conservative adversaries for the sake of national unity. Moreover, by allowing the conservatives to foster a siege mentality, such an approach is likely to help them perpetuate their hold on power.
- While frustration with the pace of reform and with the conduct of Iran’s foreign policy is understandable, it is too early to conclude that the conservatives have definitively neutralised the reformers.
- It is hard to believe that a popular uprising against the regime lies around the corner. Analogies with the situation that existed in the 1970s are tempting but misleading. Unlike the Shah’s regime, the current regime enjoys genuine support from significant sectors of the population, including among some who strongly oppose its policies.

This report seeks to make clear, above all else, that the situation in Iran is one of great fluidity. There are complex connections between conservatives and reformers, neither of which should be seen as a homogenous group. At the same time, and while the
differences between the two coalitions probably are
less than originally hoped, they almost certainly are
greater than currently feared. Distinctions on
important policy issues exist between Khatami and
Khamanei; moreover, while the reform coalition
may be forced to compromise with conservatives to
avoid triggering a violent confrontation that few
Iranians desire, it is steadily broadening the space in
which civil society can operate.

Given the current context, the international
community must carefully calibrate its actions
toward Iran, recognising that conservatives continue
to dominate and to thwart reform initiatives, and at
the same time seeking to strengthen the reform
process without stripping legitimacy from its
adherents by making them appear beholden to the
West. This will mean the West listening carefully,
as we have sought to do in preparing this report, to
the voices of those many people at all levels of
Iranian society and government who want reform.

This approach will require the European Union to
take even more seriously concerns about Iran’s
human rights record and support for groups that
engage in acts of violence, particularly in the
Middle East. It also means that the United States
should seek ways to reach out to various Iranian
political constituencies both within and outside the
regime and intensify people-to-people contacts,
resisting the temptation both to lump conservatives
and reformers together and to wager that popular
discontent somehow can be translated into rapid –
and constructive – political upheaval.

RECOMMENDATIONS

To the Government of Iran:

1. Abide by Iran’s own public statements and
undertakings and, in compliance with
United Nations Security Council Resolution
1373, refrain from providing arms, military
training and covert assistance to groups that
resort to violence, including terrorism, to
advance their cause in the Middle East or
anywhere else, and denounce violence and
those acts of terrorism when they occur,
regardless of the perpetrator.

2. Cooperate fully with other nations seeking
to investigate and prosecute those suspected
of involvement in acts of terrorism, in
compliance with UNSCR 1373.

3. Comply fully with Iran’s undertakings
under the Nuclear Non-Proliferation Treaty,
the Biological Weapons Convention and the
Chemical Weapons Convention to stem the
proliferation of weapons of mass destruction
in the region.

4. Allow all political forces and individuals
willing to adhere to the Iranian constitution
and the rule of law and eschew violence to
participate in parliamentary, provincial and
presidential elections.

5. Respect the rights of Iranian citizens as
delineated in the constitution and
international conventions to which Iran is
party, including to a fair trial, freedom of
expression and freedom of association.

6. Appoint an independent commission to
review the many cases of political figures,
intellectuals and journalists imprisoned for
expressing their views; allow development
of a free press; and establish a process for
reviewing alleged press violations in a fair
and impartial manner.

To the International Community:

7. To the extent possible, seek common
ground between the U.S. and the EU on
steps to encourage Iranian reform and, in
the event of continuing Iranian support for
terrorist activity, on appropriate
international responses.

8. Insist on fulfilment by Iran of its obligations
to act as a constructive international player,
making clear that failure to do so will be
bound to impact negatively on the West’s
capacity and willingness to engage more
actively. These obligations include:

(a) strict compliance with the commitments
it has undertaken as a party to international human rights treaties, most
importantly the International Covenant
on Civil and Political Rights, to protect
its citizens’ rights to freedom of
expression, freedom to impart or
receive information, and freedom of
association;

(b) strict compliance with the commitments
it has undertaken as a party to the
Nuclear Non-Proliferation Treaty, the
Biological Weapons Convention and the Chemical Weapons Convention;
(c) strict compliance with UNSCR 1373 and UN conventions with respect to cessation of support for violent activities, including terrorism, in particular in the case of groups seeking to advance their cause in the Middle East;
(d) cooperation with ongoing investigations of involvement in acts of terrorism.

9. Establish with Iran a cooperative framework on issues of mutual interest that includes the following:
(a) expanded efforts to assist Afghan and Iraqi refugees in Iran;
(b) help to Iran to deal with its alarming drug problem and related growing incidence of HIV/AIDS by bolstering regional efforts against drug trafficking, and exchanging information on HIV/AIDS prevention, treatment, and care; and
(c) assistance to Iran in improving its environmental standards.

10. Intensify people-to-people exchanges with Iran in all fields – including cultural, academic, athletic and political – and specifically:
(a) increase the number of Iranian students with university scholarships in Europe and the U.S.;
(b) encourage visits to Europe and the U.S. by Islamic intellectuals and clerics – both men and women – from across the political spectrum; and
(c) conduct exchange visits between current and former members of Western parliaments and the Iranian parliament, or majles.

11. Encourage Iran to make practical contributions to peacemaking efforts along the lines of its activity in UN non-proliferation committees, the Tajikistan peace process, the Afghan Six-Plus-Two arrangement and the Bonn Conference on Afghanistan in 2001.

12. Develop and fund joint programs (including workshops, conferences and training) to promote small and medium-size private enterprises, strengthen democratic structures and civil society at the communal level (particularly in areas deemed less politically sensitive such as urban development, traffic and deforestation), and improve the social and legal status of women.

13. Lift such opposition as continues to Iran’s entering negotiations aimed at joining the World Trade Organisation so as to encourage the kinds of economic reforms – including transparency and the rule of law – that would strengthen the reform wing in Iran and weaken the hold of the economic foundations that form one of the pillars of the conservatives’ power.

14. Avoid categorising Iran in one-dimensional terms that disregard the continuing political contest occurring in Iran and tend to bring all Iranian factions together, thereby limiting the political space in which reformers can operate and the ability to work with Iran on areas of mutual concern.

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I. INTRODUCTION

With a population of almost 70 million and a strategic location at the nexus between Central Asia, the Persian Gulf, South Asia and Turkey, Iran is of vital regional and international importance. Its strategic weight is underscored by its vast natural resources, including the world’s second largest gas reserves and third largest oil reserves.1 However, Iran’s relations with the international community have been strained since the 1978-1979 revolution that ousted the Pahlavi monarchy of Reza Shah and established the Islamic Republic under the leadership of Ayatollah Ruhollah Khomeini.

Iran is undergoing a critical phase in its evolution, played out against the backdrop of a power struggle between the reform-minded and conservative wings of the post-revolutionary establishment that has raged since the mid-1990s. With the landslide victories of the liberal cleric Mohammad Khatami in the presidential elections of 1997 and 2001, this power struggle has gained in ferocity, and brought much of the political system to a virtual gridlock that has kept the country from addressing its most pressing social and economic challenges.

However, the political landscape cannot be neatly divided between poles of reform and conservatism. Iran’s domestic situation is characterised by competing centres of power and ideologies across a political spectrum that is shaped by the country’s unique cultural and religious traditions, its recent history and the traditional role of the Shiite clergy.2

The complexity of domestic politics has translated into foreign policy contradictions and inconsistencies, often frustrating neighbours and the broader international community.

President Khatami’s surprising election successes and impressive strides made by reformers across the political spectrum reflect a desire for change that has grown since the Iran-Iraq war ended in 1988. While multiple forces drive these aspirations for greater political openness, two factors deserve special attention.

The first is decline in the revolutionary passion that drove the anti-Shah revolution. Although most Iranians still appear to embrace the essential achievements of that revolution, eight years of a bloody and debilitating war with Iraq and the assertion of strict Islamic norms have eroded revolutionary zeal among much of the population.


2 The Shia is a branch of Islam whose founders were partisans of Ali, the Prophet Mohammad’s son-in-law. Shiites believe that after the Prophet’s death the leadership of the Islamic community should have gone to Ali. There are many branches of Shia-Islam, but the largest is the Twelver Shia, which follows the teaching of twelve Shiite Imams who are viewed by adherents as the legitimate successors of Prophet Mohammad. This chain of succession starts with Imam Ali, who died in 661, and ends with Imam Mahdi, who died in 873 but is believed by the faithful to be in hiding, one day to return to “fill the world with justice”. The Twelver Shia has been the official state religion in Iran since 1501, and has created a hierarchically structured clergy, whose high ranking members wield considerable cultural influence. Senior clergy claim, as a collective body, to represent the accumulated spiritual wisdom and supreme authority of the hidden Imam, or Mahdi, on whose behalf they are entitled to administer justice and to guide the faithful in social, religious and cultural matters. Since 1501, the political relationship between the influential Iranian Shiite clerics and the Shah monarchy vacillated between cooperation and overt competition. However, the overwhelming majority of clerics remained largely apolitical, and until 1979, the Shiite clerics had never tried to seize and wield power themselves. See Moojan Momen: *An Introduction to Shi’i Islam* (New Haven, 1985), pp. 61-172, 246-299.
After Ayatollah Khomeini’s death in June 1989, revolutionary fervour began to yield to pragmatism, symbolised by the accession of Hashemi Rafsanjani to the presidency in July 1989.

Demographics are the second major factor driving the reform movement. A general sense of disappointment with the Islamic government has become common among the generation born in the 1970s and 1980s, which shares neither resentment over the Shah’s rule nor exhilaration over the 1978-1979 revolution.3 This younger generation has experienced a rapid rise in educational opportunities that has fuelled a demand for equivalent economic opportunities. Secondary-school enrolment rates have doubled since 1979, and the literacy rate increased from 47 per cent to 71 per cent between 1976 and 1991.4 Young people appear eager for economic and political liberalisation.5 With a voting age of 16 and more than 50 per cent of the electorate under 30, Iran’s youth constitutes a formidable force and the driving engine behind much of the reform movement.

Reformers have focused on four primary sets of issues, first and foremost the economy. Iranians expect reforms that will provide jobs, curb inflation and improve living standards. Second are the strict socio-cultural restrictions that govern the lives of many Iranians, most notably in terms of women’s Islamic dress codes,6 gender relations and access to Western culture and media. The third focus is the hope that relations with the West, including the U.S., can be ameliorated, both to improve the economy and to reinvigorate contacts with relatives abroad.7 Finally, reformers push for political liberalisation, including greater public accountability, more pluralism and the establishment of genuine political parties.8

These issues have led to strong showings at the polls. In the presidential election of May 1997 (in which 91 per cent of the electorate participated), President Khatami carried 69 per cent of the vote. In the February 1999 nation-wide Municipal Council elections, reform candidates swept 75 per cent of the seats in the 112 largest cities, while conservatives won only 12 per cent. In the parliamentary elections of February 2000, about 74 per cent of the seats went to pro-Khatami candidates. This trend continued with the presidential election of June 2001, in which Khatami received 77 per cent of the vote. The conservatives garner only 15 to 25 per cent in most contests.9

Yet, while desire for change is strong, practical results have been uneven at best. President Rafsanjani’s efforts to improve economic and political conditions between 1989 and 1997 were largely stillborn. In trying to combine economic liberalisation with limited and cautious moderation in social and cultural policies, he encountered stiff institutional resistance. Partly as a consequence, the economy remains fragile. Rates of unemployment and underemployment are high, with inflation ranging between 20 and 50 per cent and standards of living below what the majority of Iranians enjoyed under the monarchy in its oil-boom years of the 1970s. These conditions have confronted Iranians with the growing phenomena of prostitution, crime and drug addiction and have sparked spontaneous local upheavals in a number of large cities during the last decade, including Shiraz, Mashhad, Qazvin and Islamshahr.10

To better understand the political dynamics that have hindered change and why impressive electoral victories have not translated into deeper reform, it is necessary to examine Iran’s political and security systems. Despite the depth of the desire for reform, few Iranians favour violent confrontation with the
more conservative elements of the government and security services. These retain a core level of support among those well established in positions of power, leading advocates of liberalisation to argue that only incremental reform can be effective. This helps explain why President Khatami has tried to liberalise the Islamic system from within rather than to overthrow it. The slow pace has led to rising frustration among many Khatami supporters.

This ICG report, the first of a series covering Iran, looks closely at domestic dynamics by exploring both the political structure and the composition of the conservative and reform camps. It also examines the most important trends in the political system and gives a short overview of the main domestic developments since President Khatami’s election. In addition, the report details major developments in Iran’s foreign policy toward the West before and after the events of 11 September 2001. It uses both Afghanistan and the Israeli-Palestinian conflict to highlight the internal and international tensions that affect the debate regarding relations with the West.

II. IRAN’S POLITICAL STRUCTURE: RELIGION, REVOLUTION AND REFORM

Driven by a broad coalition of opposition forces, the Iranian Revolution of 1978-1979 overthrew the Pahlavi monarchy and consolidated power under a politicised wing of the Shiite clergy led by Ayatollah Ruhollah Khomeini. With power firmly in its hands, the revolutionary elite was willing to tolerate limited political pluralism while precluding any serious challenge to the status quo. A principal channel for expression of political pluralism is the presidential and parliamentary elections that are held every four years.

Many of Iran’s political tensions can be traced back to the contradictions between theocratic and democratic elements in the constitution, a dichotomy personified by the co-existence of a popularly elected president and a religiously appointed Supreme Leader.

A. THE CONSTITUTIONAL CENTRES OF POWER

Several bodies deserve consideration. The office of the Supreme Leader remains one of the most powerful in the land, but the role of the president and the constitutional assemblies – including the Parliament, the Council of Guardians, the Assembly of Experts and the Expediency Council – are key to understanding domestic tensions. Their roles also are shaped by the continuing influence of the revolutionary security forces and foundations that provide the ruling elite with its military backing.

1. The Supreme Leader of the Revolution

The basis of the Supreme Leader’s power stems from the concept of the “rule of the Islamic Jurist” or velayat-e faqih, whose major theoretical lines were sketched by Ayatollah Khomeini while in exile in Iraq. Khomeini’s theory of Islamic government had little precedent in Shia political thinking. Instead of waiting until the reappearance of the prophesied “hidden Imam”, he argued that other religious leaders could serve essentially as interim leaders of a legitimate government.
The role of the public within Khomeini’s scheme is very limited since it confers on a clerical elite (faqih) the right to select one of their own as Supreme Leader. Khomeini maintained that divine laws should be enforced in Islamic society, and that the ruler must subordinate himself to the faqih as the most learned in these laws. Consequently, supreme political power must be directly assumed by an Islamic jurist (faqih) or a council of clerical jurists. Khomeini deemed two fundamental qualifications necessary for a “ruling jurist” (vali-ye faqih) to assume political leadership: knowledge of Islamic law and justice in its implementation. He considered the people unable to recognise the most appropriate ruler and so left this prerogative to Shiite clerics. Under Khomeini’s theory, parliament and other consultative bodies were relegated to planning the implementation of divine law and enacting secondary rules and regulations in accordance with the framework of Islamic holy law, or sharia.

By far the most powerful institution in Iran is the Office of the Supreme Leader of the Revolution, a term often used as a synonym for vali-ye faqih. This office was established when a new constitution was drafted by the Assembly of Experts, or majlese-e khobregan, a body largely dominated by pro-Khomeini Shiite clerics, and endorsed by a popular referendum in November 1979. Over the fierce opposition of a liberal minority, the conservative opposition figures estimate that there may be some 2,000 such clerical representatives. They consider the people unable to recognise the most appropriate ruler and so left this prerogative to Shiite clerics. Under Khomeini’s theory, parliament and other consultative bodies were relegated to planning the implementation of divine law and enacting secondary rules and regulations in accordance with the framework of Islamic holy law, or sharia.

While the Supreme Leader still wields tremendous power, Khomeini’s successor, Ayatollah Ali Khamenei has lesser authority. From 1979 to 1989, Khomeini was the unchallenged leader. In contrast, Khamenei possesses neither the personal authority nor the required religious credentials to neutralise the rival camps in the clerical leadership. Instead, he has to seek the backing of forces that share his goal of strengthening the role of the Supreme Leader and are willing to use their religious qualifications to bolster his power base.

Specifically, Khamenei has aligned himself with conservative factions, including the chairman of the Council of Guardians, Ayatollah Ahmad Jannati, and the chairman of the Assembly of Experts, Ayatollah Ali Meshkini, both of whom work closely with the security and intelligence services. While the most important branches of the state remain under the firm control of the Supreme Leader, there have been important changes within the power structure. Indeed, the constitution was revised in July 1989, shortly after Ayatollah Khomeini’s death, to give the Assembly of Experts the power to dismiss the Supreme Leader if it deems he cannot properly fulfil his duties.

Ayatollah Ali Khamenei has a staff of some 600, including special advisers upon whom he can call in fields such as culture, economics, military affairs and the media. In addition, Khamenei has personally appointed or approved clerical “representatives” in all important state ministries and institutions, as well as in the majority of revolutionary and religious organisations. Exiled clerical opposition figures estimate that there may be some 2,000 such clerical representatives. They

14 The Islamic Revolutionary Guard Corps or sepah-e pasdaran are referred to simply as the Revolutionary Guards in this report.
form a broad, countrywide network dedicated to enforcing the authority of the Supreme Leader and ensuring the greatest possible adherence to state-mandated ideology. Although they have no constitutional role, they exercise considerable influence, enabling the Supreme Leader to extend his reach into the executive branch, armed forces, security services, revolutionary and religious organisations, Iranian cultural centres abroad and even, through the Supreme Leader’s appointment of one Friday prayer leader for the capital of each of the country’s 28 provinces, onto the provincial level.

2. The President

The presidency has also evolved considerably since 1979. Initially, it was a relatively ceremonial position. The 1979 constitution divided leadership of the executive branch between the president and a prime minister. The president served as the nominal leader of the executive branch, was popularly elected for a term of four years and could run for re-election only once. Actual executive power was largely with the prime minister. The Assembly of Experts deliberately divided responsibilities so that a strong and popularly elected president would not challenge the authority of the Supreme Leader.

However, friction between president and prime minister appeared unavoidable, particularly when they came from competing factions, as with Presidents Abolhasan Bani-Sadr (1980–81) and Ali Khamenei (1981–89).

When the constitution was revised in 1989, the office of Prime Minister was abolished and its responsibilities assumed by the president. As head of government, the president now appoints and dismisses ministers (who must be confirmed by parliament) and controls the Planning and Budget Organisation, which gives him great sway over economic policy. In addition, the president appoints the head of the Central Bank and chairs the National Security Council, an influential committee with twelve permanent members that coordinates governmental activities related to defence, the intelligence services and foreign policy.

The president and his ministers can be removed only through a two-thirds majority no-confidence vote in parliament. The parliament can also declare the president “politically incompetent” and inform the Supreme Leader, so that he may remove him in accordance with Article 110 of the constitution.

The president is the second most powerful official in Iran, but his responsibilities focus primarily on the social, cultural and economic fronts, not foreign policy – despite his chairmanship of the National Security Council. His power remains circumscribed, and even though the president is elected by the people, the Supreme Leader must approve his assumption of duties. In addition, the entire executive branch is subordinate to religious authorities, and only the Supreme Leader is deemed fully competent in all general political issues. Lastly, the president does not control the armed forces.

3. The Constitutional Assemblies

Iran’s state structure includes a series of powerful constitutional assemblies, some of which have no parallel elsewhere in the Islamic world. Among these unique organisations are the Council of Guardians (shura-ye negahban), the Assembly of Experts (majles-e khobregan), and the Council for the Discernment of Expediency for the Interest of the System (majma’-e tashkhis-e maslahat-e nezam), generally referred to as the Expediency Council. Other important assemblies, such as the Parliament (majles), are more familiar.

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20 Since the 1979 revolution, the Friday prayer leaders (Imams) have developed into a key institution for promoting education, indoctrination, and mobilisation of the faithful Iranian masses. They are of particular importance in the system of the Supreme Leader’s representatives because they not only monitor the provincial governors, who are appointed by the Interior Ministry, but also influence the tone and tenor of political debates across the country through their sermons.
21 Ayatollah Ali Khamenei held the presidency before assuming his present position as Supreme Leader in 1989.
22 The Iranian constitution notes in article 110, clause 9, that the Supreme Leader’s powers include signing the decree formalising the election of the President of the Republic by the people.
The Parliament

A new parliament has been elected every four years since 1980. Although the 1979 constitution emphasises the absolute sovereignty of God, it acknowledges the parliament as trustee of this sovereignty. While the parliament does not adhere to Western democratic standards in terms of structures and eligibility of candidates, it possesses strong vitality. Debates are frequently quite heated, with a vibrancy rare in the Middle East.

Since Ayatollah Khomeini’s death, the parliament’s political significance has increased. Included in its functions are drafting legislation, ratifying treaties, approving states of emergency, approving loans and the annual budget and removing the president and ministers from office. The parliament, in keeping with the generally held interpretation of Article 63 of the constitution, cannot be dissolved, and since 1989 it has been increasingly robust in exercising its functions.

The Council of Guardians

The Council of Guardians, currently chaired by Ayatollah Ahmad Jannati, consists of twelve jurists who determine the compatibility of legislation passed by the parliament with Islamic law (sharia). Legislation deemed incompatible is referred back to parliament for revision. The Council’s effective veto power gives it the de facto role of an upper chamber. Half the twelve members, whose terms last six years, are appointed from the ranks of the clerical elite (fuqaha) by the Supreme Leader. Six non-clerical jurists are appointed by parliament at the recommendation of the head of the judiciary (Ayatollah Mahmud al-Hashimi Shahrudi). Given that the Supreme Leader appoints the head of the judiciary, this body continues to be dominated by conservatives.

Owing to its constitutional authority, the Council of Guardians is one of the strongest conservative bastions in Iran. It can interpret the constitution, and any such interpretation endorsed by three-fourths of its members assumes the same validity as the constitution itself, which makes the Council a quasi-supreme court. The constitution also grants it supreme oversight of all referenda as well as elections for parliament, the Assembly of Experts and the presidency. Based on an examination of their Islamic convictions and loyalty to the regime, the Council of Guardians determines the fitness for office of parliamentary and presidential candidates. Not surprisingly, those who question the centrality of religious authority – such as communists, socialists, nationalists, members of the Iranian Freedom Movement, Kurds and similar groups – come under the greatest scrutiny and, as a general matter, are barred from participating.

The Assembly of Experts

The Qom-based Assembly of Experts is a council of 86 clerics popularly elected by Iranians to eight-year terms. However, pre-approval of candidates and election monitoring continues to be carried out by the Council of Guardians. In accordance with the 1979 constitution, the Assembly elects the Supreme Leader from its own ranks. As noted, it can remove the Supreme Leader if he becomes unable to fulfil his duties or is deemed to lack the qualifications to perform in office. Under those circumstances, a leadership council composed of the president, the head of the judiciary branch and a faqih (an Islamic jurist with the rank of an Ayatollah) selected by the Expediency Council from the Council of Guardians would assume the Supreme Leader’s duties until a new leader was chosen.

In addition to extraordinary meetings in crisis situations, the Assembly of Experts comes together at least once a year for a two-day meeting, usually in Tehran. Ayatollah Ali Meshkini, the Friday imam in Qom, has been chairman since 1983. Each of Iran’s 28 provinces elects a cleric (or several according to population) to represent it.

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29 Ibid., p. 72.
30 Iran Yearbook, Embassy of the Islamic Republic of Iran in Germany, 1993, p. 52.
The Expediency Council

Ayatollah Khomeini founded the Expediency Council in February 1988, giving it two fundamental responsibilities: to break stalemates between the parliament and Council of Guardians and to advise the Supreme Leader. For example, if the latter is unable to resolve a state problem through traditional means, he may act only after consulting the Expediency Council – a body empowered to override both the constitution and its underpinnings of sharia law if necessary to preserve the interests of the Islamic state. The 31 members of the Council are appointed by the Supreme Leader from among the different ideological currents in the leadership elite.

The Expediency Council was particularly important during the 1988–1989 period that ended the Iran-Iraq war and necessitated conversion to a peacetime economy and passage of a number of “emergency laws”. Following Khomeini’s death and the assumption of power by the dual leadership of Ayatollah Ali Khamenei and then-President Rafsanjani in the summer of 1989, the Expediency Council faded from the limelight.

However, since Supreme Leader Khamenei appointed former President Rafsanjani head of the Council in March 1997, it once again gained in prominence. As head of the Expediency Council, Rafsanjani has a significant power base that allows him to serve as Iran’s “number three”. While Rafsanjani supported Khatami shortly before and after the 1997 presidential election, he has used this post to check Khatami’s reformist ambitions. Rafsanjani has also established special committees within the Council to function in parallel with the government in areas such as security, culture, the judiciary, economics and trade.

B. SECURITY AND PARASTATAL FORCES

A wide array of revolutionary security forces and parastatal organisations, rather benignly referred to as foundations (bonyads), play a key role in shaping the internal security environment. Among the most important security forces are the Revolutionary Guards, the Basij militia and the Law Enforcement Forces. Technically, the revolutionary reconstruction organisation, the Ministry of “Construction Jihad” (jehad-e sazandegi), is also part of the security forces because it is authorised to apply force in rural areas to maintain Islamic order during emergencies. The Special Clerical Court also deserves attention in that it gives the Supreme Leader a powerful extra-constitutional tool with which to act directly against dissident clerics.

1. Revolutionary Foundations

Numerous foundations exist in Iran, including revolutionary groups, Islamic charities and a range of private organisations. Private and charitable foundations enjoy a long tradition but they began to assume enormous social and economic significance only after the revolution.

A number of the revolutionary foundations were allocated extensive properties and businesses expropriated from the Shah’s family and figures associated with the monarchy. The foundations, which are tax exempt and answer only to the Supreme Leader, engage in a broad range of activities including trade, commerce, manufacturing, religious and political propaganda, social services and the arts.

The “giants” among the public foundations provide the Supreme Leader and his supporters in the government a loose network capable of delivering patronage, mobilising protests, indoctrinating new followers and repressing dissent. The degree of autonomy foundations enjoy varies considerably and is difficult to ascertain. Many have broad access to state funds and foreign currency at the official exchange rate. Some, such as the manufacturers of consumer goods, do business in a largely uncontrolled manner, often outside the country. Foundations are allocated a remarkable 58 per cent of the national budget, but the government does not

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35 Ettela’at (Tehran), 8 September 1997, p. 2.
38 For example, the Farabi Foundation is dedicated exclusively to the promotion of films.
keep precise information regarding their economic activities or the number of businesses they control.39

Almost without exception, the foundations are headed by influential clerics or other elite figures, referred to as “little kings” in the Iranian vernacular. Despite periodic rivalries over funding and social and economic influence, the little kings are united by a common desire to promote the revolutionary Islamic system and its values by all means possible. However, the relative absence of state control has created a system rife with corruption, nepotism and abuse of power. Because of limits on press freedoms, public attention has been brought to these matters only in exceptional cases – such as when damaging documents about funding battles have leaked and spurred parliamentary investigations.40

2. The Law Enforcement Forces

The Law Enforcement Forces, a kind of revolutionary police, were created in 1990 by merger of the municipal police, the gendarmerie and the revolutionary committees. Since the municipal police and gendarmerie were founded by the Shah, their allegiance to the new order was suspect. By contrast, the revolutionary committees were a direct offspring of the revolution and responsible for pursuing drug-dealers, the opposition and “anti-Islamic” lawbreakers. According to well-informed Iranian sources, the merger did not achieve its objective of a more effective de-politicised force in charge of maintaining law and order.41 Instead, regular Shah-trained police serving within the Law Enforcement Forces have been sidelined, and former revolutionary committee members have assumed dominance. In recent years, a number of high-ranking Law Enforcement Forces commanders have also been implicated in violations of the law, including directing the 1998 attacks on close aides of President Khatami.42

3. The Basij Militia

Next to the Revolutionary Guards, the Basij militia is the most powerful paramilitary organisation in Iran. It was established by Ayatollah Khomeini’s 1979 decree ordering the creation of an “Army of 20 Million” to protect the Islamic Republic against both the U.S. and domestic enemies.43 The Basij generally recruits young volunteers between the ages of eleven and seventeen from rural areas or poorer areas in larger cities. Most “Basijis” are ideologically motivated and deeply religious but poorly educated. During the Iraq War, after taking crash military courses under the Revolutionary Guards and ideological indoctrination from “clerical commissars”, they suffered heavy casualties. Formally, the Basij falls under the command of the Revolutionary Guards.

Due to its zeal, the Basij is often employed – with special Revolutionary Guards units – when it is believed necessary to use extreme measures to repress dissent or protest. According to some estimates, there are some 90,000 armed men in Basij militia.44

4. The Revolutionary Guards

The Islamic Revolutionary Guards Corps (sepah-e Pasdaran) was created in May 1979 by decree of Ayatollah Khomeini,45 primarily to protect the revolution and its achievements. The Revolutionary Guards initially were a versatile tool for Khomeini and his supporters in their struggle against former revolutionary allies, such as the Islamic–Marxist Mojahedin-e Khalq, which was also developing autonomous armed units. The Revolutionary Guards were an important counterweight to the regular military, which was still dominated by monarchists whose loyalty to the revolutionary regime was in doubt. The Revolutionary Guards have numerous special units, including their own Bureau of Security and Intelligence. According to some estimates, the Guards have dropped to some 120,000 armed men from more than 300,000 at the

41 ICG interview, Tehran, February 2002.
42 ICG interview, Tehran, 22 February 2002.
43 For information on the origins of the Basij, see Nikola Schahgaldian, The Iranian Military under the Islamic Republic, (Santa Monica, 1987), pp. 87–100.
height of the Iraq War, divided into twelve to fifteen divisions deployed in eleven security zones across Iran.46

The rivalry between the regular military and the Revolutionary Guards has remained constant since the revolution, and in 1985 – in the midst of the war – the latter developed their own naval and air combat forces in addition to ground troops.47 While the regular army, which was a primary pillar of the Shah’s regime, has some 300,000 men, it is not an independent force within the power structures. The clerical elite, long suspicious of its loyalty to the regime, subjected its leadership to intense Islamic indoctrination and monitoring by commissars and purged it repeatedly until the mid-1980s.

In contrast, the Revolutionary Guards Corps has close links to well placed hard-liners and continues to consider itself a political army defending Ayatollah Khomeini’s revolution and his agenda – to export revolution to oppressed Muslims throughout the world by all means, including violence. In addition, it has dedicated itself to the logistical support and military training of diverse Shiite opposition groups from Iraq, Bahrain, Lebanon, Kuwait and Saudi Arabia, many of which are based in Iran.48

5. The Ministry of Intelligence and Security

The Ministry of Intelligence and Security is the largest intelligence agency in Iran; indeed, with fifteen departments and 30,000 employees it probably is among the largest in the Middle East.49 Since its inception in 1984, it has emerged as one of the most influential and autonomous power centres in the country. Legally, only a cleric can head this key ministry. Its top clerical officials come predominantly from a single theological school in Qom, the Madrase-ye Haqqani, which has long been led by prominent hard-liners. Until 1989, the ministry was run by Mohammad Mohammadi Raisahri, who helped it gain a reputation as an efficient body able to exercise selective and controlled repression.

According to well-informed insiders, its character changed after President Rafsanjani replaced Raisahri in September 1989 with his deputy, Ali Fallahiyan, under whom it has practiced intimidation and repression on a larger, less selective scale, while becoming even more autonomous.50 During his era as minister, which ended in 1997, the ministry reportedly killed some 80 dissidents in Iran and a number of opposition figures abroad.51 Moreover, under Fallahiyan, it was reportedly deeply entangled in illegal commercial transactions,52 a notion indirectly confirmed in January 2002 in a speech by the speaker of parliament, Mehdi Karrubi.53

6. The Special Clerical Court

The Special Clerical Court is Supreme Leader Khamenei’s most effective weapon against dissident clerics who continue to deny him recognition as a “Source of Emulation”).54 It has no legal basis in the constitution, functions independently from other government judiciary bodies and is accountable only to Khamenei. It primarily handles crimes allegedly committed by clerics, including conspiracy against or defamation of the Supreme Leader or any acts or behaviour deviating from sharia.55

The rulings of the Special Clerical Court, which has branches in ten cities, cannot be appealed or rescinded by any other court.56 According to the

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46 Cordesman, “Threats and Non-Threats from Iran”, op. cit., p. 232.
50 Rafsanjani reportedly tolerated Fallahiyan’s actions as part of the broader effort to neutralise opposition of the conservatives to his liberal economic policy. ICG interview with a well-informed Iranian journalist specialising in intelligence affairs, Tehran, 25 February 2002.
51 Frankfurter Allgemeine Zeitung, 29 January 2001, p. 7, referring to a statement by President Khatami’s brother, Reza Khatami, on the occasion of the announcement of the verdict against the murderers of the four Iranian dissidents in November 1998.
52 Ash-Sharq al-Awsat (London), 8 June 2001, p. 3.
53 Karrubi’s speech, which addressed corruption, conspicuously alluded to the Ministry of Intelligence and Security without calling it by name, and derided the practice of “certain persons” in smuggling large quantities of goods across Iran’s borders without paying customs duties. See Hayat-e Nou (Tehran), no. 507, 31 January 2002, p. 2.
54 See IV C below.
56 This information is taken from an unpublished report in Farsi by the Committee for Defence of the Shiite Marja’iyyat Rights in Iran for Maurice Copithorne, U.N. Special Representative of the Commission on Human Rights on the
Committee for the Defence of the Shiite Marja’iyat, a non-militant group of exiled dissident Iranian clergy, it employs around 6,000 people, including security personnel, administrators, investigating officers, assistant judges, public prosecutors and Islamic judges. The Court also maintains its own prisons and has its own security service recruited from special units of the Revolutionary Guards and the Ministry of Intelligence and Security. The Court is believed to have executed more than 600 clerics and theological students since 1987 and has reportedly stripped an additional 2,000 clerics of religious duties. More than 4,000 other clerics have been punished through beatings, fines and prison sentences.57

III. A FRACTURED LANDSCAPE: CONSERVATISM AND REFORM

Iran’s political and security landscape continues to be dominated by an Islamic-revolutionary elite of Shiite clerics and religious lay-persons.58 Simplified labels of “radical” or “moderate” often used in the West do not do justice to the complexity of the internal debate. For example, former President Rafsanjani has maintained very fluid political views since 1980 as part of an effort to maintain his power, offering public support for President Khatami while simultaneously working behind the scenes to slow reform.

Members of the leadership continue to embrace two common threads: the shared experience of opposing the Shah and general loyalty to the person and teachings of Ayatollah Khomeini.59 Immediately following the revolution, national religious and liberal Islamic groups that did not share this outlook participated in the government. But these were steadily squeezed out as the vision of an all-powerful theocracy became ascendant – a reality that largely continues to this day. The overriding role that theology plays in state affairs hampers the full expression of political differences in party platforms. Yet, despite the constraints imposed on conventional political discourse, there are considerably different interpretations of Islam within Iran’s leadership, and these debates shape the political landscape.

Initially, Iran’s theocratic-Islamic groups operated under the broad umbrella of the Islamic Republican Party, which was founded in February 1979 by clerical followers of Khomeini, including Rafsanjani and Supreme Leader Khamenei. While this group was able to consolidate its hold on power, fierce tensions soon emerged.

In 1987, with Ayatollah Khomeini’s approval, the Islamic Republican Party, which had become

57 On the modus operandi of Iran’s clerical power elite, see Nikola B. Schahgaldian: The Clerical Establishment in Iran (Santa Monica, 1989), pp. 25-34.
58 For a partial list of some 180 of Khomeini’s young students, who had worked underground with him in the pre-revolutionary period, see Hamid Ruhani-Ziyarati, Barrasi va tahliat az Nahzat-e Emam Khomeini [A Study and Analysis of Imam Khomeini’s Movement] (Tehran, 1981), pp. 43-50.
paralysed by its internal battles, was dissolved.\textsuperscript{60} In 1988, two major unions of clerics emerged, the Islamic Left Combatant Clerics Society and its conservative counterpart, the Militant Clergy Association.

Over the next several years, further ideological fissures developed within the leadership, creating essentially three camps: conservatives and reformers, but with the latter including both the modernist right, or technocrats, and the Islamic left.\textsuperscript{61} All these groups are heavily dependent upon state oil revenues distributed at the discretion of the Supreme Leader and the President to garner patronage.\textsuperscript{62}

### A. THE CONSERVATIVES

The strongest force within the conservative camp of the ruling clergy remains the Militant Clergy Association, which counts among its prominent members Supreme Leader Khamenei and, at least nominally, former President Rafsanjani, who has drifted toward more conservative positions since the 2000 parliamentary elections. The conservatives also have a countrywide network of guilds, religious professional associations and societies. The most important of these religious professional associations is the Coalition of Islamic Societies, led by Habibollah Asgar-Ouladi, which functions as an indispensable link between conservative ruling clerics and influential bazaar traders who have traditionally enjoyed close relations with the clergy.\textsuperscript{63} The most important conservative media outlet is the newspaper \textit{Resalat}.

While the conservatives rhetorically support private property and private enterprise, they have consistently thwarted further expansion of land reform and property expropriation legislation, primarily through the vetoes of the Council of Guardians. Many conservatives continue to view differences between poor and rich as part of the heavenly order and hold that religious solidarity can overcome poverty and class antagonism. Especially since 1993, conservatives have favoured an economic system built around government subsidies to the poor, in part because this reinforces the dependence of the lower classes on the cleric-ruled state.\textsuperscript{64}

The conservative faction derives its legitimacy primarily from the theocratic elements of the revolution and the Supreme Leader’s moral authority. The dominance of Islamic scholars takes clear precedence over the constitution or any notion of the broader “will of the people” – which many equate with “decadent” Western influence. To enforce their cultural agenda, the ultra-conservative head of the Council of Guardians, Ayatollah Ahmad Jannati, makes wide use of loosely organised vigilante groups, the most important of which is the ansar-e hezbollah, which has frequently assaulted reform leaders, journalists and intellectuals.\textsuperscript{65}

The primary focus of the conservatives has been to thwart efforts to promote political liberalisation, which they view as a direct threat to theocratic control of the state apparatus. Opposition to reform manifests itself in different ways. Some hardliners continue to endorse violence and have used vigilantes such as ansar-e hezbollah, shadowy cells of the Revolutionary Guards, the Law Enforcement Forces and other security and intelligence branches to pursue their agenda. A number of prominent conservatives, including Ayatollahs such as Mohammad-Taqi Mesbah-Yazdi, frequently make public calls for violent actions against reformers.

Other more pragmatic conservatives – either belonging to the relatively young and university-educated “modern conservatives” or members of the older clerical establishment and affiliated groups of

\textsuperscript{60} On the Islamic Republican Party and the political conflicts between its two wings, see Hamid-Reza Zarifi-Niya, \textit{Kalbodshakafi-ye Jenahha-ye Siyasi-e Iran} [An Analysis of Iran’s Political Factions] (Tehran: Entesharat-e Azad-e Andishi, 1999), pp. 43-47.

\textsuperscript{61} See the ten-part series of articles published in the Islamic left weekly publication \textit{Asr-e ma} (Tehran) from 28 December 1994 to 31 May 1995.


\textsuperscript{63} On the alliance of common interests between the clergy and the bazaar traders, see Naficy, \textit{Klerus, Basar und die iranische Revolution} [Clergy, Bazaar, and the Iranian Revolution] (Hamburg, 1993), pp. 43-67.

\textsuperscript{64} On the social and political program of the conservatives, see Hojjat Mortaja: \textit{Jenah-haye Siyasi dar Iran Emruz (Jenahha-ye)} [Political Factions in Contemporary Iran] (Tehran, 1998), pp. 44-77.

\textsuperscript{65} On the origins of the Ansar-e Hezbollah, see al-Mujaz ‘an Iran, no. 87 (December 1998), pp. 18–19.
bazaar traders – generally oppose violence. “Modern conservatives” are more pragmatic. Some, like the publisher of the newspaper Entekhab, Hashemi Tabai, admit that some reform is necessary to safeguard the system’s survival and satisfy the great majority of the population that favours reform. Modern conservatives are also far more willing to pursue rapprochement with the U.S. than the hardliners.66

Conservatives continue to control the commanding political and security heights: the Council of Guardians, Assembly of Experts, judiciary and state radio and television. Most of the Expediency Council belongs to this camp and tends to side with the Council of Guardians when mediating disputes with parliament. Since Supreme Leader Khamenei has ultimate authority over the army, Revolutionary Guards, Basij militia, Law Enforcement Forces and intelligence agencies, conservatives enjoy a de facto monopoly on coercive force, though there are some signs that control may be fraying. While the law enforcement forces and the Basij militia remain firmly under the conservatives’ influence, the Ministry of Intelligence and Security has undergone significant leadership changes over the past few years, diminishing the role of conservatives. The loyalty of the Islamic Revolutionary Guards Corps appears to be divided. Some of its commanders issued veiled threats against the reformers, most recently on 20 July 2002,67 but at the rank-and-file level support for the President seems strong. Indeed, in the presidential elections of 1997, 73 per cent of the ordinary soldiers and officers reportedly voted for Khatami.68

B. THE REFORMERS

The reform wing, led by President Khatami, draws its support from both a modernist right-wing and an Islamic left-wing, which have formed a loose coalition since 1997 despite several ideological divergences.

1. The Modernist Right/Technocrats

The modernist-right block in parliament, also commonly referred to as the technocrats, is far more “liberal” on social and cultural issues than the conservatives. Originally, it coalesced not so much around a party structure as around the politically mercurial Rafsanjani, who was president from 1989 to 1997.

The technocrats first emerged as an identifiable entity in January 1996, two months before the parliamentary elections, when sixteen ministers and leading state officials came together to form the Executive Construction Party.69 Leaders include former Vice President Ataollah Mohajerani, the former mayor of Tehran, Gholam-Hosein Karbaschi, and Mohammad Rafsanjani, brother of then-President Hashemi Rafsanjani. The Tehran newspaper Hamshahri is the most important media outlet controlled by the technocrats.

The Executive Construction Party draws much of its support from modern professional associations, employer organisations, the modern business-oriented middle class and many industrial groups. While the technocrats’ primary goal is to transform Iran into a modern state, they do not dispute the Islamic dimension of the revolution. That said, they view the revolution’s legitimacy as resting far more on success in economic development and industrialisation and defence of national sovereignty than on theological purity.70

The party focuses heavily on economic issues, leaving political reform and civil liberties to left-wing reformers. The technocrats advocate a model in which political reform would only come after a long period of industrial development and economic growth.71

Former President Rafsanjani’s candidacy as a conservative in the February 2000 parliamentary elections precipitated a party split. A minority remained loyal to Rafsanjani, but the majority supported former Vice President Ataollah

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66 Gasiorowski, “The Power Struggle in Iran”, op. cit, p. 27; among them is, for example, Mohammad-Javad Larijani, the former head of the Parliament’s committee for foreign affairs.


Mohajerani, as relations with the Islamic leftist reformers warmed.72

2. The Islamic Left

The Islamic left is composed of three major groups that broadly share the same political outlook and generally have a good working relationship: the Combatant Clerics Society, the Organisation of Mojahedin of the Islamic Revolution and the Islamic Participation Front of Iran.

Mehdi Karrubi heads the Combatant Clerics Society, to which only clerics belong and which is the most powerful group within the Islamic left. The scope of its opinions is exceptionally broad, ranging from continued supporters of “exporting the revolution” (e.g. Ali-Akbar Mohtashemi-Pur, a former minister of the interior, and Mohammad Musavi-Khoiniha, the spiritual leader of the Islamic students who occupied the U.S. embassy) to far more liberal personalities such as President Khatami, who are open to reform on domestic and cultural policy.

By contrast to this group of clerics, the Organisation of Mojahedin of the Islamic Revolution consists almost exclusively of religious lay-persons, many with technical backgrounds.73 Behzad-e Nabavi, a former minister of heavy industry, leads this group.

In early December 1998, a broad alliance of clerics, religious laypersons, Islamic-oriented workers and Islamic women activists who support President Khatami formed the Islamic Participation Front of Iran,74 often referred to as the modern left. It has evolved into the organisational backbone of the reform movement and is headed by Mohammad-Reza Khatami, one of the President’s younger brothers and vice-speaker of parliament. Other important backers include Abbas Abdi, a leading journalist who played an important role in the student take-over of the U.S. embassy in 1979, and Said Hajariyan, a close Khatami advisor and former department head at the Ministry of Information and Security.

The reform leanings of the Islamic left represent a remarkable evolution from only a decade ago. Having been responsible for much of the radical activism of the early period between 1980 and 1992, including the seizure of the U.S. embassy and staff in November 1979, it held large parliamentary majorities and dominated the government of Prime Minister Mir-Hosein Musavi. Especially during the war years (1980 to 1988), the Islamic left supported strict austerity, central state control of the economy, restrictive social and cultural policies and export of the revolution. However, the Council of Guardians, led by conservative followers of Supreme Leader Khamenei, rejected most of the Islamic left’s candidates for the 1992 parliamentary elections, causing it to lose its majority – which until then had largely kept President Rafsanjani’s program of economic liberalisation and foreign policy détente in check.75

That defeat marginalised the Islamic left for a time and led to a considerable shift in its outlook. Many felt they had become out of touch with mainstream views and began to reassess some of the most radical of Khomeini’s political and religious teachings.

3. The Technocrat-Islamic Left Coalition

The inception of the Technocrat-Islamic left coalition can be traced back to the electoral defeat of the Islamic left in 1992. Since then and particularly following President Khatami’s first election, most Islamic left groups have become increasingly moderate. During his first campaign, Khatami won over the majority of voters by calling for greater freedom and tolerance, rule of law, expansion of civil society and moderation in foreign policy, positions he has continued to champion. Khatami’s focus on political liberalisation accelerated the Islamic left’s partial departure from earlier, more dogmatic positions. It currently is far keener to promote liberalisation, though it acknowledges this must occur within the framework of an Islamic state under the Supreme Leader’s overall authority. President Khatami symbolises the reform movement and is the undisputed leader of the technocrat-Islamic left coalition. While the pace of reform and issues such as economic policy are obviously

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72 ICG interview with a member of the Executive Construction Party, Tehran, 19 February 2002.
Institutionally out-gunned by conservatives, the reformers rely heavily on public support. Consistently polling about 70 per cent, they are potentially capable of organising massive demonstrations in support of their positions. However, leaders are extremely reluctant to do so, fearing events could quickly spin out of control.

Since 1997 the reformers have founded a wide variety of political organisations and media outlets. Many of the latter, particularly newspapers, have been shut down by the authorities but then re-established under new names. The new political organisations and newspapers have enabled reformers to mobilise supporters and withstand considerable pressure.

Control of the parliament, the presidency and a large majority of Municipal Councils also provide reformers an important power base. Both the Ministry of Culture and Islamic Guidance and the Interior Ministry fall under the president’s authority. The former oversees issuance of licences for newspapers, and the latter supervises elections and a range of local and provincial affairs. As noted above, since 1998, reformers have expanded their influence within the Ministry of Intelligence and Security, formerly one of the most powerful conservative bastions, by purging numerous hardliners. Who now control it is a matter of debate.

Notwithstanding unanimous support for President Khatami, there are serious ideological differences within the reform coalition. Some blame the slow pace of reform on his insistence on maintaining alliances with ideologues such as Mohtashemi, Nabavi and Khuiniha, who are reluctant to back genuine reform, belong to the doctrinaire old Islamic left and are associated with some of the worst revolutionary excesses. Ayatollah Mostafa Mohaqeq-Damad, a reform-minded cleric who was Supreme Leader Khomeini’s Inspector General in the 1980s, has voiced strong reservations, arguing that Mohtashemi and many of his associates were notorious law-breakers, and that their participation in the reform process has seriously hurt efforts to protect the constitution and enforce the rule of law.

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78 ICG interview with Ayatollah Mostafa Mohaqeq-Damad, Tehran, 17 February 2002.
IV. INTELLECTUAL AND ISLAMIC DISSENT

Numerous important opposition groups exist in the grey area between government and civil society, and many of these criticise the government on religious grounds while advocating non-violent change within the boundaries established by the 1979 constitution. The leadership of these domestic Islamic dissident reformers comes primarily from religious intellectuals and Shiite clerics, many of whom initially secured influential positions in the early years following the revolution. Subsequently, some were forced to the fringes because their views were felt to be “deviant” and “liberal”. Because these domestic opposition groups have consistently rejected violence, they are more or less tolerated by the government, although their access to the media and electoral politics has often been blocked.

Although they receive far less international attention, domestic opposition groups play a much more important role than exile groups, which have often been poorly organised and deeply divided. Most significant among the non-clerical Islamic dissidents are the Iranian Freedom Movement and the \textit{Kiyan}-School of intellectual reformers under the leadership of Abdolkarim Sorush. Such groups advocate far more broad-reaching changes than mainstream reformers. Nonetheless, they can influence several key players around the President, even if both he and the dissidents generally deny such links for political expediency and personal safety.

A. THE IRANIAN FREEDOM MOVEMENT AND THE NATIONAL-RELIGIOUS FORCES

Founded in April 1961 by Mehdi Bazargan and other religious activists, the Iranian Freedom Movement largely draws its inspiration from Islamic liberalism.\textsuperscript{79} Former Foreign Minister Bazargan, who died in 1995, felt that Islam was compatible not only with science and technology, but also with Western political concepts such as liberalism and democracy. He considered that the precondition for the advance of Muslims was a return to the pure teachings of the Qur’an, free from historical superstitions, and he rejected the claim of the Shia clergy to an exclusive monopoly over religious interpretation. For more on Bazargan’s views, see H. E. Chehabi, \textit{Iranian Politics and}

Ebrahim Yazdi assumed its leadership in February 1995, upon Bazargan’s death.\textsuperscript{80} Until recently, Yazdi lived in exile in Texas undergoing medical treatment. He returned to Iran in April 2002 where he faced prosecution. In Yazdi’s view the party enjoys broad appeal among youth and women because it embraces genuine political reform. He also believes the reform movement has momentum of its own despite considerable pressure from conservatives.\textsuperscript{81}

Long active in the non-violent opposition to the Shah, the Iranian Freedom Movement has functioned since the revolution as the only opposition party and repeatedly levels strong public criticism at the government. Because it rejects the authority of the Supreme Leader, its candidates generally have been unable to participate in elections since 1984. The electoral success of some of its candidates who were allowed to stand in 2001 further disinclined the Council of Guardians from giving the party a public role.

Instead, in March and April 2001 the government cracked down on the Iranian Freedom Movement and its affiliated groups, arresting about 60 leaders, including Mohandes Ezzatollah Sahabi, one of the group’s founders.\textsuperscript{82} In July 2002, a revolutionary court in Tehran dissolved the party.\textsuperscript{83}

B. THE INTELLECTUAL DISSIDENTS

In the late 1980s, a serious controversy over religion’s role in the state erupted among religious intellectuals loyal to the Islamic Revolution. The key figure was Dr. Abdolkarim Sorush, a

\textsuperscript{79} Bazargan, who died in 1995, felt that Islam was compatible not only with science and technology, but also with Western political concepts such as liberalism and democracy. He considered that the precondition for the advance of Muslims was a return to the pure teachings of the Qur’an, free from historical superstitions, and he rejected the claim of the Shia clergy to an exclusive monopoly over religious interpretation. For more on Bazargan’s views, see H. E. Chehabi, \textit{Iranian Politics and}

\textsuperscript{80} For biographical information on Ebrahim Yazdi, see Wilfried Bucht, “Die inneriranische Diskussion um die islamische Einheit” [The Internal Iranian Discussion Concerning Islamic Unity], in \textit{Orient} 35, no. 4 (1994), p. 568.

\textsuperscript{81} ICG telephone interview with Dr. Ebrahim Yazdi in Houston,Texas, 1 March, 2002.

\textsuperscript{82} Although Sahabi formally separated from the movement in 1980, he remained closely connected. He started a monthly journal, \textit{Iran-e Farda}, and helped loosely organize a broad range of small political groupings, which became known as the national religious forces (\textit{melli-mazhab}). From an interview with Ezzatollah Sahabi, Tehran, 1 October 1994; see Wilfried Bucht, \textit{Die iranische Schia und die islamische Einheit 1979-1996} [Iranian Shia and Islamic Unity 1979-1996] (Hamburg, 1997), p. 223.

\textsuperscript{83} See Section V. B below.
philosopher and theoretician who had been personally appointed by Khomeini. Sorush was a driving force behind the Cultural Revolution but grew disillusioned and after 1990 increasingly argued that no understanding of religion can ever be absolute, and no individual or elite can claim privileges on the basis of holding a final interpretation. Not surprisingly, such views earned Sorush the bitter enmity of the conservative governing clergy.

Although Sorush has avoided open criticism of the government and the Supreme Leader, he has publicly come out against the use of religion as a state ideology and has maintained that Islam and democracy are not only compatible, but essential to one another. In 1995, Sorush openly questioned the social and political role of the clergy, leading to an indirect rebuke from the Supreme Leader. This sparked increasing official opposition to him and threats on his life by militant Islamic vigilantes. Sorush had spent the majority of his time abroad and taught at Harvard University’s Divinity School but has recently returned to Iran.

While he has been personally marginalised, Sorush’s non-ideological approach to Islam centred on pluralism, rationality, tolerance and human rights has inspired a new generation – hundreds of thousands in total – of intellectuals, clergy, intelligentsia and political activists who have proven to be key actors within the reform movement. Many insist his thoughts inform Khatami’s reformist agenda. His views were disseminated in numerous books and articles, most prominently in Kiyan, a bimonthly journal published in Tehran by groups close to him from 1991 until it was shut down in 2001 by judiciary officials.

A number of Sorush’s devotees have become prime targets for conservative reprisals, including Said Hajariyan, one of President Khatami’s most influential advisors until he was severely injured in an assassination attempt in March 2000. Shiite cleric Mohsen Kadiyar, a popular seminary lecturer in Qom, was sentenced in April 1999 to eighteen months in prison for criticising the Supreme Leader and for his demonstrated support for the dissident cleric Grand Ayatollah Hosein Ali Montazeri. Even after his release, Mohsen Kadiyar has continued to criticise the Supreme Leader system as autocratic and outdated.

C. THE CLERICAL DISSIDENTS

Despite Khamenei’s firm hold on the institutions of power, there is sharp debate within the theocratic leadership about his religious credentials as Supreme Leader. Much of this originates in Qom, where Khomeini himself studied, taught and eventually launched his call for a revolution. That city has been a hub of religious scholarship for centuries and is widely viewed as one of the most important centres of Shia learning.

To understand the controversy surrounding Khamenei’s status, some background is necessary. The lowest theological rank that students at religious centres can obtain after long years of study is Hojjatoleslam (literally, “proof of Islam”). Above this is Ayatollah, or “sign of God”. Only very few achieve the rank of Grand Ayatollah, a synonym for “Source of Emulation” that can only be achieved through an informal process of recognition by other Grand Ayatollahs after extended study and teaching, usually taking up to 30 years. A “grand theological treatise” demonstrating exceptional scholarship and combining religious edicts and directives on various aspects of Islamic law is an absolute requirement.

Shiites who accept a Grand Ayatollah as their personal “Source of Emulation” strictly obey their

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84 The term Cultural Revolution refers to the period in the early 1980s when the new government began to purge universities – which were closed from the autumn of 1980 to 1983 – of those whom it viewed as unreliable elements among teachers and students. The government also reorganised the curriculum to make it compatible with its interpretation of Islam. For his own account on this period, see Abdolkarim Sorush, A’ine-ye Shahryary va Dindari [Reflections about Power and Piety] (Tehran, 2000), pp. 323-344.


87 Ettela’at (Tehran), 10 September 1995, p. 2.


89 ICG interview with Hojjatoleslam Mohsen Kadiyar, Tehran, 20 February 2002.
edicts (fatwas) on religious-social matters, and give religious contributions amounting to one fifth of annual income. The Grand Ayatollah, who functions as the trustee of the Hidden Twelfth Imam, the Mahdi, uses these for religious-charitable purposes. The followers of a Grand Ayatollah, ranging from several tens of thousands to several million, frequently stretch across a number of countries. The contributions give a Grand Ayatollah financial independence from the state, a factor that facilitated clerical activism during the Islamic Revolution.

Khamenei possesses neither Khomeini’s charisma nor his theological qualifications. For millions of believers, Grand Ayatollah Khomeini was their “Source of Emulation”, and his religious instructions were viewed as authoritative. But Khomeini was not the only Grand Ayatollah. Since the early 1960s, there have been a half dozen other Grand Ayatollahs who also serve as “Sources of Emulation”.

These other Grand Ayatollahs, with one exception, objected to Ayatollah Khomeini’s vision of Supreme Leadership. The exception was Grand Ayatollah Montazeri, who expected to be Khomeini’s successor. While Khomeini was in exile, Montazeri gained considerable prestige as his supreme representative in Iran. After 1979 he became one of the country’s most powerful revolutionary clerics. In 1985, the Assembly of Experts designated him as Khomeini’s successor but, in the wake of the 1986 Iran–Contra affair and the imprisonment and execution of Mehdi Hashemi, one of Montazeri’s loyal supporters, in September 1987, his star dimmed.

In March 1989, the Supreme Leader reportedly forced Montazeri to resign, in part because the constitution mandated that the Supreme Leader must be a “Source of Emulation” able to issue religious edicts, and with Montazeri’s removal no eligible successor was apparent among the politicised clergy. This constitutional article was repealed shortly before Khomeini’s death in June 1989, reportedly at his orders.

The greatest challenge for Khamenei comes from clerical dissidents close to Montazeri, who contest not the Supreme Leader system itself but its current holder. While Khamenei was favoured by the Assembly of Experts to become Supreme Leader, he had only held the title of Hojjatoleslam until Khomeini’s death Overnight, the assembly promoted his theological rank to Ayatollah, but he still was not considered a Grand Ayatollah, and thus not a true “Source of Emulation”. So, unlike his predecessor, Khamenei cannot rightfully claim to be both the highest political authority in Iran and one of the highest ranking Shia religious authorities globally. He would have to complete at least three more decades of theological study and author a major theological thesis recognised by other Grand Ayatollahs to obtain the latter qualifications.

Khamenei’s lack of theological qualifications has undermined his legitimacy as Supreme Leader and called into question the whole Supreme Leader system. There remains the potential danger that a Shiite Grand Ayatollah from inside or outside Iran, even perhaps one in Iraq – who would be out of reach of the Iranian regime – could issue religious edicts that counter Khamenei’s views but which he would not be entitled to countermand.91

1. Factions of Clerical Dissent

Khamenei’s repeated attempts have failed to bring the majority of Grand Ayatollahs into line. They both refuse to recognise his claim to the title of Grand Ayatollah and remain critical of his plans to standardise, modernise and extensively politicise the religious curricula in Qom. Among clerics, there is fear that such politicisation could cause Shiite orientation and objectives of those groups. The version cited here is relatively faithful to the original and was published in February 2001 by former Iranian President Abolhasan Bani-Sadr (who lives in exile in Paris) through the publishing house Entesharat-e enqelab-e eslami.

religious centres to lose their academic freedom and independence from the state. Already, Khomeini had united the highest religious and political authorities under his leadership in 1979, thereby diminishing the independence and authority of the remaining Grand Ayatollahs. State interference would further reduce the exchange of ideas between the great theologians and their schools which is considered essential to the vitality of religion.

The Rafsanjani–Khamenei government forced Montazeri to the political fringes and placed him under house arrest in Qom for long stretches, cutting his media access and jailing or executing many of his supporters. Nevertheless, Montazeri remains a prominent political and religious authority with a solid base of support. His appeal to many reform groups springs from his firm support for strengthening the “republican” elements of the 1979 constitution as a counterweight to the Supreme Leader. He has argued that the Supreme Leader must “be elected by the people or by experts chosen by the people”, a proposal that implies much more accountability and suggests that even the Supreme Leader should not stand above the law. Among Montazeri’s followers is Ayatollah Jalaloddin Taheri, whose recent resignation from his office as Friday prayer leader of Isfahan sparked enormous attention throughout Iran.

Khamenei and his supporters have been loath to engage in a frontal assault on Montazeri, fearing the reaction of his numerous supporters, many of whom belong to the government and even to the Revolutionary Guards. Montazeri’s popularity was highlighted in June 2001, when his children circulated a letter calling for the lifting of his house arrest that prompted 126 out of 290 members of parliament to sign a similar statement. Montazeri also enjoys considerable support among several high-ranking and influential clerics in Qom. One is Grand Ayatollah Yusef Sanei, a former close disciple of Khomeini and member of the Guardian Council, who has protected Montazeri when Islamic vigilante groups have planned to attack him. Asked for his views on the velayat-e faqih system, Sanei praised its implementation under Supreme Leader Khomeini, but declined to comment on the Khamenei era.

The “quietists” represent a different strain of clerical dissent. This group considers the very creation of a Supreme Leader a violation of the notion that the long-awaited “Hidden Imam”, or messianic saviour, will return. They argue that until the Hidden Imam emerges, there can be no legitimate ruler – even from among the clergy – and that to suggest otherwise is blasphemy. Iranian quietists lost most of the autonomy they enjoyed under the Shah when Khomeini’s theological state was established. They generally ignore Khamenei, or treat him with disapproval and view his theological qualifications as inadequate.

The quietists continue to call for the clergy’s complete withdrawal from politics in order to preserve religious integrity. One Ayatollah in Qom went so far as to declare that the merger of politics and religion under the Islamic Republic had destroyed the moral credibility of Islam’s representatives and prompted many to abandon their beliefs. Among the most prominent quietists are Grand Ayatollahs Hasan Tabatabai-Qomi from Mashhad, and Ali Sistani from Najaf. Ali Sistani is perhaps the most serious rival to Khamenei for leadership of Shias outside Iran. His power is enhanced by control of the Khoie Foundation in London, which receives charitable contributions estimated in the billions of dollars from Shiites around the world.

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92 For information on Montazeri’s followers, see Wilfried Buchta, “Die Islamische Republik Iran und die religiös-politische Kontroverse um die marja’iyat” [The Islamic Republic of Iran and the Religious-Political Controversy Over the Marja’iyat], in Orient 36, no. 3 (1995), p. 465.
95 See Section V.
96 ICG interview with Grand Ayatollah Yusef Sane‘i, Qom, 21 February 2002.
97 ICG interview with an Ayatollah, Qom, 22 February 2002.
98 See al-Mujaz ‘an Iran, no. 65 (February 1997), p. 15.
99 Sistani is the successor to Grand Ayatollah Abolqasem Khoei, who died in 1992, and whose erudition — in the eyes of many Shiites — surpassed even that of Khomeini.
100 Jens-Uwe Rahe, Irakische Schiiten im Londoner Exil: Eine Bestandsaufnahme ihrer Organisationen und Untersuchung ihrer Selbstdarstellungen (1991–1994) [Irani Shi‘is in Exile in London: A Stock Taking of Their
Another group of opposition clergy also categorically rejects the rule of a Supreme Leader but does not advocate total withdrawal from politics. Rather, it seeks a less intrusive role that would maintain the clergy’s ability to veto measures seen as inconsistent with proper social or political life. Its most important theoretician, Grand Ayatollah Mohammad Shirazi, died in December 2001 but his brother, Grand Ayatollah Sayyid Sadeq Shirazi in Qom, continues his efforts.

D. ISLAMIC STUDENT ASSOCIATIONS

Islamic student associations are among President Khatami’s most ardent supporters. Founded by the government during the Islamic Cultural revolution in the early 1980s, they were originally a vehicle to control potential university protests. Over time, they have become some of the harshest critics of the political system, particularly of the Supreme Leader’s role. Two student associations, formerly rivals and now largely allies, set the tone. The first is the Office for Consolidation of Unity, which claims a following of 60,000 students. Heshmatollah Tabarzadi leads the smaller Union of Islamic Students. Khatami’s reform plans, Sorush’s theories, and the Islamic liberalism of Yazdi’s Iranian Freedom Movement continue to enjoy significant popularity with the student associations.

In October 1997, student protests in Tehran against the Supreme Leader’s autocratic style underscored how far these associations have evolved. The Union of Islamic Students organised the demonstration to call for constitutional amendments, including direct election of the Supreme Leader, a limit on his term of office and accountability to the parliament. Tabarzadi was arrested but released after intense international pressure, and the Union office in Tehran was shut down.104

The Union of Islamic Students has argued that Khatami ought to be replaced if he is unable or unwilling to advance the reform agenda, and, in April 2002, Tabarzadi, reportedly circulated a declaration in Tehran calling for separation of religion and government. In contrast, the Office for Consolidation and Unity has generally supported a more evolutionary approach, fearing that rapid change could trigger a violent response from the conservatives. Indeed, because these associations can mobilise large numbers of Iran’s two million students, the conservatives view them as a serious threat.

102 For more on the Islamic Cultural Revolution, see David Menashri, Education and the Making of Modern Iran (Ithaca, 1992), pp. 307–328.
103 ICG interview with a member of the Iranian Freedom Movement, Tehran, 25 February 2002.
104 Kayhan (London), 30 October 1997, p. 4.
105 For the text of the declaration, see Kayhan (London), 24 April 2002, p. 7.
106 One reason for the Office for Consolidation and Unity’s caution is that it is protected and funded by the Islamic Participation Front of Iran (see Section III. B) and Khatami’s presidential office.
V. DOMESTIC POLITICS AND POLICY

A. THE FIGHT FOR REFORM SINCE 1997

Mohammad Khatami’s election in 1997 was a watershed in the struggle between Iran’s political factions. It was made possible by the fact that President Rafsanjani could not stand for a third term. The conservative’s candidate, Speaker of the Parliament Ali Akbar Nateq-Nuri, was expected to win. However, fearing that conservatives would gain an unshakable hold on the executive, legislative and judicial branches, the technocrats reached out to their former enemies, the Islamic left. Based on an informal coalition agreement, the two groups endorsed the liberal Islamic leftist Mohammed Khatami as their candidate in early spring 1997.

Khatami’s popularity grew remarkably despite restricted access to the state-controlled media. With Nateq-Nuri portraying himself as a defender of the status quo, Khatami addressed issues such as freedom of opinion, human rights, political pluralism and the balancing of democracy and Islam. His campaign attracted broad support from people who were disillusioned with the revolution and its representatives. Although he emerged from the ruling nomenklatura, many viewed Khatami as a fresh alternative.

Khatami’s campaign was particularly appealing to women and youth. In addition, he tapped support from ethnic and religious minorities, especially Sunni Muslims, who are mostly ethnic Kurds. The Kurds comprise 10 to 15 per cent of Iran’s population but have been largely estranged from the government since the revolutionary regime violently repressed their demands for autonomy in 1979. Historically, Sunnis have existed socially, economically, and politically on the fringes of Iranian society.

On 23 May 1997, Khatami won a landslide victory (69 per cent), and Rafsanjani vowed to support him. Khatami’s first term had promising beginnings. But the new president was forced into a delicate balancing act, seeking to promote reform without overly antagonising the conservatives. Parliament, though dominated by conservatives, approved his list of ministers in August 1997. However, this list was symptomatic of Khatami’s cautious approach. He did not name a single woman, perhaps fearing conservatives would then reject his entire cabinet. Likewise, in an apparent attempt to placate Khamenei, he appointed two close allies of the Supreme Leader to the Ministry of Information and Security and the Ministry of Defence.

On the other hand, Khatami included individuals such as Ataollah Mohajerani, an outspoken advocate of greater religious and political party freedoms, who was appointed minister for Islamic Culture and Guidance.

Since Khatami’s inauguration speech in August 1997, in which he pledged to protect constitutional rights and pursue reform within the existing system, the gulf between conservatives and reformers has widened. Khatami’s government quickly began to implement reforms, concentrating mainly on economic liberalisation. Mohajerani eased restrictions on films, books and, most importantly, the press. As a result, the number of newspapers and magazines expanded, reaching, according to official data, 740 by mid-1998. Iranians became bolder, and many started pushing the limits on individual expression, socialising more openly and moving further away from rigid Islamic dress codes.

Khatami’s liberalisation plans also extended to relations with the West. Shortly after taking office, he called for closer ties to the U.S., though short of full diplomatic relations. In a January 1998 CNN interview, he endorsed a “civilisational dialogue” with the West, indicated “great respect” for the American people and called for scholarly exchanges and other non-diplomatic contacts with the U.S. This stirred considerable anger among conservatives, who denounced any notion of improving ties with Washington. In mid-January 1998, Khamenei expressed categorical opposition to U.S.-Iranian rapprochement and brought the initiative to a virtual standstill. Reformers decreased, but did not totally abandon, efforts for

108 On Khatami’s election campaign, see Fariba Adelkhah, Being Modern in Iran (New York, 2000), pp. 79-104.
111 Qorban’ali Dorri Najafabadi in the Ministry of Information and Security and Ali Shamkhani at Defence.
détente with the U.S. and focussed more on improving relations with Europe and Arab states – steps not opposed by the conservatives.

Having lost considerable public support, the conservatives attempted to foment domestic policy crises to destabilise the reformers. These included the conviction in July 1998 on fraud charges of the popular Tehran mayor, Gholam Hosein Karbatschi, who had played a crucial role in financing Khatami’s candidacy. He was sentenced to prison and banned from political activities for twenty years.113 In June 1998, Khatami lost another important member of his reform team, Minister of Interior Abdollah Nuri, who was forced to resign after the conservative majority in parliament initiated impeachment procedures on what appeared to be largely manufactured charges.114 From spring 1998 on, threats against reform intellectuals, including Sorush, became more common. In September 1998 militant Islamic vigilante groups went so far as to attack one of Khatami’s ministers and one of his vice-presidents during a religious ceremony in Qom.115

In November 1998 a series of assassinations took place, including of four notable political dissidents, writers and journalists. 116 In January 1999, following weeks of bitter behind-the-scenes disputes between Khatami, Khamenei, Rafsanjani and other top government leaders, the Ministry of Intelligence was forced to admit that some of its “deviant” members were involved in the killings.117 The head of the ministry, Qorbanali Dorri Najafabadi, resigned a month later. On 18 June 1999, hopes for a thorough investigation into these killings were shattered when the military public prosecutor claimed the alleged ringleader, Said Emami (the former head of the Ministry of Intelligence division for planning and operation), had committed suicide in prison. Reform-minded investigative journalists, in particular Akbar Ganji, continue to suggest that high-ranking officials, such as Rafsanjani and former Ministry of Intelligence chief Ali Fallahiyan, were involved in the killings.118 Ganji and another investigative journalist were jailed for making such accusations.

The remaining members of the so called “clique of Said Emami” were brought to trial, and in January 2001, three were condemned to death and twelve given sentences ranging from ten years to life. These sentences were appealed in August 2001, and a final verdict is pending. Everything surrounding these assassinations remains far from settled and a source of bitter recriminations between reformers and conservatives.

In a further sign of political turbulence, students staged a peaceful demonstration at the Tehran University campus against the parliament’s introduction in July 1999 of a new law sharply limiting press freedom. In response, the Law Enforcement Forces and a militant Islamic vigilante militia launched a violent attack, which sparked some of the capital’s largest public protests since 1979. When these turned violent, the government used force to quell them and arrested many participants and student ringleaders alleging they were foreign-backed counter-revolutionaries.119 President Khatami was forced to distance himself from the street protests, largely out of fear of a military coup – a potential to which 24 Revolutionary Guards commanders alluded in an open letter to the President.120 According to some sources, Khatami’s failure to stand with the protesters diminished his popularity among students.121

In November 1999 Khatami lost his most radical pro-reform adviser, former Interior Minister Abdollah Nuri, who after his resignation had established a pro-reform newspaper, Khordad. The Special Clerical Court sentenced him to five years in prison and closed the paper for publishing anti-Islamic articles, promoting friendly relations with the U.S. and giving illegal publicity to the dissident Grand Ayatollah, Montazeri.

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116 Among the victims were Daryoush Foruhar, the leader of a moderate-secular and nationalistic oppositional party, the Nation of Iran Party (*hezb-e mellat-e Iran*) and his wife, and the critical journalists Mohammad Mokhtari and Jafar Puyandeh.
120 See Kayhan (Tehran), 19 July 1999, p. 2.
121 ICG interview with a journalist affiliated to the Iranian Freedom Movement and with close connections to the student movement, Tehran, 25 February 2002.
B. EVENTS SINCE 2000

Since 2000, the showdown between reformers and conservatives has continued. Reformers performed quite well in the February 2000 parliamentary elections, winning 71 per cent of the seats. The Council of Guardians nullified the election of twelve candidates but its effort to reject many more was thwarted by Supreme Leader Khamenei, who appeared concerned that this would unleash widespread unrest. Many prominent conservatives suffered devastating defeats. Former President Rafsanjani, who ran as a conservative, finished 29th of 30 candidates, barely secured a parliamentary seat from Tehran, and saw his chances of becoming speaker of parliament significantly diminished. After encountering fierce resistance from reformers in the parliament, who threatened to reject his credentials, Rafsanjani abandoned his seat. (Notwithstanding, Rafsanjani continues to wield considerable power behind the scenes, including the ability to influence the Supreme Leader through his position as head of the Expediency Council.)

One reaction to the elections has been a conservative assault against reform newspapers. What limited freedom the media had come to enjoy was sharply curtailed by spring 2000. In early March an unsuccessful assassination attempt that sparked a nation-wide crisis was made on Said Hajariyan, a leading member of Tehran’s city council and editor of Sobh-e Emruz, one of the most widely-read dailies. Hajariyan is a former high-ranking Ministry of Intelligence official who, after his resignation from the ministry, cultivated close relations both to Khatami and to dissident religious intellectuals close to Sorush. At the end of March 2000, reports emerged that the President’s security advisors had thwarted a second assassination attempt against Khatami himself, allegedly planned by elements of the Revolutionary Guards’ special secret service.

Khamenei foreshadowed a press crackdown in two speeches in mid-April 2000, when he accused ten to fifteen newspapers of sowing discord. The following month, acting with the help of the new, more repressive press law, the judiciary shut down more than twenty newspapers and journals, and imposed criminal charges, fines, prison sentences and, in some cases, solitary confinement on their editors and directors.

When the new parliament convened in June 2000 and elected Mehdi Karrubi speaker and Mohammad-Reza Khatami vice-speaker, the reform camp appeared to have secured about 200 of the 290 seats. However, it suffered another setback when the Expediency Council, under Rafsanjani, ruled that same month that the parliament had no authority to investigate institutions controlled by the Supreme Leader. This sharply curtailed the powers of the parliament and forestalled efforts by reformers to scrutinise influential institutions such as the judiciary, the state-controlled media and the security forces.

Two months later, the Supreme Leader intervened in a parliamentary debate concerning a new press law designed to protect newspapers from closure before trial and to shield journalists from criminal prosecution. On 5 August 2000, Khamenei sent an open letter ordering the parliament to abandon the bill on religious and national security grounds. Then, in November, the President was forced to accept the resignation of Minister of Culture Mohajerani after Khamenei accused his ministry of allowing excessive media independence.

The combination of these actions and the conservatives’ overall success in blocking reforms appeared to take its toll on President Khatami, and speculation mounted about whether he would run for a second term. However, at the insistence of friends and supporters and probably in order to defend his closest allies, he decided to do so.

Without a credible conservative opponent, Khatami swept to re-election in June 2001 with 77 per cent of the vote. His nearest conservative competitor, Ahmad Tavakolli, received 15 per cent. Former Intelligence Minister Ali Fallahiyan – implicated in the 1998 assassination of dissidents – secured only 0.2 per cent. Voter turnout was 67 per cent, well below the 83 per cent in 1997. Nevertheless, it was much higher than anticipated, demonstrating that despite evident disillusionment with the pace of reforms and the President himself, a large majority remains committed to social liberalisation.

123 Gasiorowski, “The Power Struggle in Iran”, op. cit., p. 34.
124 ICG interview with an individual with close relations to Khatami’s security advisors, Tehran, 22 February 2002.
Khatami’s hopes to regain the political initiative with a reorganised cabinet and reinvigorated parliament have yet to materialise. His second inauguration itself was delayed by an acrimonious dispute between parliament and the Council of Guardians. He again assembled his cabinet cautiously, surrounding himself largely with non-controversial reformers and uninspiring technocrats. Fifteen of twenty were carryovers, and again, none was a woman.\textsuperscript{126} Since then, the conservatives have made a concerted effort to undermine the reform movement. They have blamed the Khatami government for Iran’s economic difficulties while concurrently pursuing legal cases charging reform parliamentarians with corruption. In July 2001, the head of the Council of Guardians, Ahmad Jannati, declared “war” on government corruption, and while not naming names, claimed directors in the oil ministry had embezzled millions of dollars by signing secret agreements with foreign companies.\textsuperscript{127} On 9 October 2001, President Khatami wrote the head of the judiciary, Ayatollah Mahmud al-Hashimi Shahrudi, warning against repeated violations of the constitution by the judiciary. Khatami particularly objected to the practice of judicial officials summoning deputies in connection with their speeches and floor statements. This was the case for Hosein Loqmanian, deputy from Hamadan, who was sentenced by Tehran’s general court to thirteen months in prison in March 2001 for criticising the judicial system. Khatami argued that statements by parliamentarians in their official capacity were constitutionally protected.\textsuperscript{128} Defying the President, the conservative judiciary continued to summon reform parliamentarians, often on dubious charges. By the end of December 2001, about 60 had been brought to court. The row reached a climax when several appeals courts affirmed prison sentences, including Loqmanian’s. By mid-January 2002, the confrontation threatened to get out of control. The parliament launched a counter-offensive by seeking to investigate top conservative officials, notably the head of the judiciary, on the ground that they were not Iranian by birth.\textsuperscript{129} In retaliation, conservatives close to the head of the Council of Guardians, Jannati, announced that they intended to step up their campaign targeting economic corruption in oil contracts and other areas of state and private economic activity. This involved key reformers close to President Khatami, including the oil minister, Bizhan Namdar Zanganeh, the Central Bank governor, Mohsen Nurbakhsh, and a wealthy businessman, Shahram Jazayeri, who was alleged by the conservative press to have bribed 60 reform deputies for personal advantage. Hours after parliament speaker Karrubi and more than 230 of 290 deputies staged a walkout in protest of Loqmanian’s confinement, and with the power struggle at a dangerous impasse, the Supreme Leader took the steam out of the constitutional crisis by pardoning the parliamentarian. Nevertheless, the conservative-dominated judiciary ordered more than 60 reform parliamentarians to appear before the court in February 2002 on corruption charges. The resignation of Ayatollah Jalaloddin Taheri represents another important stage in this confrontation. In an open letter on 8 July 2002 (reprinted in the pro-reform Tehran daily \textit{Nowruz} two days later), Ayatollah Taheri tendered his resignation as Friday prayer leader of Isfahan. Isfahan is Iran’s second largest city, and Taheri had been appointed by Khomeini from exile in 1976. When Khomeini died in 1989, his successor, Khamenei, replaced a number of Friday prayer leaders with loyal supporters but did not dare to revoke the former Supreme Leader’s authoritative decision regarding Taheri, although he was an outspoken follower of Ayatollah Montazeri. Taheri wrote that he acted in protest against the state of the country, endemic corruption within the ruling elite, and that elite’s betrayal of the revolution’s ideals and objectives. Taheri, who is very popular in Isfahan, also attacked what he called the luxurious and kingly style of unnamed leaders and their progeny.\textsuperscript{130} Much of Taheri’s complaint dealt with

\textsuperscript{126} For detailed biographies of the new ministers, see \textit{Al-Moujaz ‘an Iran} (London), Serial No. 120 (September 2001), pp-12-13.


\textsuperscript{128} See \textit{Iranian Students News Agency}, 10 October 2001.

\textsuperscript{129} An article in Iran’s civil legal code stipulates that foreign born Iranian citizens cannot be candidates for key political posts. This regulation could apply to Mahmud al-Hashimi Shahrudi, who was born in the Iraqi city of Najaf and immigrated to Iran in 1979.

\textsuperscript{130} See the original Persian version, \textit{Name-ye sargoshade-ye Ayatollah Taheri be mellat-e Iran} [The Open Letter of
the links of vigilante groups to shadowy centres of power, which, he said, rendered them beyond the reach of law and inspired them to “disgraceful” deeds, which harmed Iran’s international image and insulted the Islamic face of the revolution. His call for an end to Montazeri’s house arrest was even more sensitive since by making it, he indirectly questioned the qualifications as Supreme Leader of Khamenei, who is responsible for its perpetuation. The National Security Council quickly banned press discussion of his remarks.

Taheri’s resignation is unprecedented and has attracted enormous attention in the country. The reformist Islamic Participation Front of Iran and the main student organisation, the Office for the Consolidation of Unity, announced their solidarity with Taheri in separate public declarations on 10 July. Support was also expressed by 125 reform members of parliament. Two days later, Supreme Leader Khamenei, in a statement read over state radio, tried to placate the critics by asserting that in recent years he had warned relevant officials about the issues raised by Taheri. However, he also cautioned that he would not allow Iran’s internal and external enemies to misuse Taheri’s statement and warned that “efforts to weaken the edifice of the system” would not be forgiven.

It is too soon to know all the ramifications of Taheri’s move but it has already intensified debate within the reform camp over whether the appropriate strategy is to continue to seek gradual change through compromises with the conservatives or to break off cooperation, resign official posts and quit public life. President Khatami’s brother, the leader of the Islamic Participation Front, warned of a potential popular uprising and of his party’s possible departure from both government and parliament unless there were real political change.

Finally, on 28 July 2002, a revolutionary court in Tehran dissolved the Freedom Movement of Iran, which it charged with attempts to overthrow the country’s Islamic government and having links with foreigners. The court sentenced 33 of its activists to prison terms ranging from four months to ten years. Some leading members of the movement, including its secretary general Ebrahim Yazdi, denied the charges and announced that they would appeal the verdict.

C. A RISING TIDE OF DISSATISFACTION

While conservatives appear determined to keep reformers off balance and so busy fending off attacks that they will have a difficult time moving their agendas, the deteriorating economic situation could threaten the stability of the political system as a whole. The state of the economy continues to fuel popular unrest, and Iran remains deeply in need of basic reform if it hopes to reverse living standard declines suffered by much of its population. Indeed, according to a Central Bank report, family consumption of basic food products including meat, rice, bread and tea has decreased by an average of 20 per cent since 1991. The economy continues to be plagued by inefficiency, mismanagement, waste and widespread corruption.

Efforts to improve it have been hampered by overwhelming dependence on oil revenues – approximately 80 per cent of Iran’s foreign income is from crude oil exports. While these provide a steady source of income and enable the government to subsidise basic foodstuffs and energy costs heavily, the economy is extremely vulnerable to shifts in the global market price. Any long-term depression in oil prices would likely force wholesale

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Ayatollah Taheri to the Nation of Iran], p. 2, at http://www.mellimazhabi.org. Taheri leveled harsh criticism against the inability of the system’s leaders to eradicate shortcomings and deviations of the revolution, including “unemployment, inflation and high-prices, the hellish gap between poverty and wealth, … the stagnation and decline of national revenue, a sick economy, bureaucratic corruption, desperately weak administrators, the growing flaws in the county’s political structure, embezzlement, bribery and addiction, and the failure to find effective solutions”.  

131 The Economist, July 19, 2002. In response to the criticism, Taheri subsequently signed a statement in which he described Khamenei as a “comrade” of reform.

132 See his inaugural address to the third party congress of the Islamic Participation Front in http://www.mellimazhabi.org. Taheri’s resignation also appears to be one of the factors that prompted President Bush to issue his 12 July 2002 statement in which he lashed out at Iran’s leaders. See Section VI.


135 For a brief summary of Iran’s main economic ills, see Eliyahu Kanovsky: Iran’s Economic Morass. Mismanagement and Decline under the Islamic Republic (Washington, 1997), pp. 63-73.
cuts in public subsidies and further galvanise public anger.

Alongside low productivity, Iran suffers from high unemployment. While official sources put the rate at around 15 per cent, the actual figure of unemployed and underemployed is probably closer to 30 per cent. President Khatami was forced to admit in October 2001 that 42 per cent of the some 750,000 young Iranians seeking to enter the labour market every year are unable to find jobs. The Iranian economy needs to grow 6 to 7 per cent annually – far higher than the 1 per cent annual increase experienced between 1997 and 1999 – just to maintain the present unemployment level. Some observers have concluded that continued growth of unemployment could profoundly destabilise the political system.

The large public sector, dominated by revolutionary foundations and state-run companies, remains a major obstacle to growth. The 1979 constitution mandates that all large-scale industry, including petroleum, minerals, banking, insurance, power generation, communications, aviation and transport, be publicly owned and state administered. State-run companies continue to enjoy preferential treatment such as low-cost government loans and exemptions from many customs duties and taxes. Freed from genuine competition, many lose money despite their monopolistic positions. As long as state companies and foundations continue to suffocate it, the economy will likely remain vulnerable. Legal and administrative obstacles to foreign investment also hamper growth.

While President Khatami has increasingly focused on economic issues during his second term, he faces resistance from both conservatives and members of the Islamic left. In November 2001, the former used the Council of Guardians to veto an important law that would have allowed foreign companies to invest in Iran and repatriate profits. The Islamic left faction of the reform movement also opposes wide-ranging economic measures, fearing that cutbacks in public sector jobs might sharply increase unemployment. Its concern is buttressed by the fact that, according to 1999 estimates, twenty million Iranians work in enterprises that would be affected by privatisation or cuts in public sector jobs. These are reservations Khatami must take seriously.

External factors also impede economic recovery, especially the trade embargo imposed by the U.S. in the mid-1990s that limits access to technology, supplies and financing. Although the embargo has retarded growth, most experts agree that it does not directly threaten the regime’s survival and has not achieved its stated aim of halting international involvement in Iran’s oil industry. Because the projects are attractive business opportunities, a number of European and Canadian oil firms have taken advantage of the Americans’ absence.

The U.S. also seeks to keep Iran out of the World Trade Organisation (WTO), most recently on 10 October 2001 when it (and Israel) again blocked Iran’s bid to begin membership negotiations. Over the last several years, President Khatami’s government has intensified its efforts to join the WTO, in order both to facilitate borrowing and to gain some protection against trade embargoes.

Iran has also been harmed by a severe drought that began in 1998. The United Nations Office for Coordination of Humanitarian Affairs estimates that as much as 60 per cent of the rural population may be forced to migrate to cities as a consequence.

Symptomatic of its myriad economic pressures, Iran has seen a growing number of local labour demonstrations, teachers’ rallies and outbursts of unrest in different parts of the country since 1999. Among the largest demonstrations was a protest involving 10,000 textile workers in Isfahan in October 2001 against a parliamentary bill to reduce the number of unprofitable state-owned textile

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138 Iran has also obtained considerable help from China and Eastern European states, which have provided the bulk of imported supplies in the oil industry. See Hooman Estelami: “A Study of Iran’s Response to U.S. Economic Sanctions”, in Middle East Review of International Affairs, Vol. 3, No. 3, September 1999, p. 10. The embargo introduced in the mid-1990s and targeted primarily at the oil industry is distinct from older unilateral sanctions required by U.S. law because Washington has designated Iran a state sponsor of terrorism.

factories. Similar demonstrations were repeated in November. Both times the demonstrations turned violent after the Law Enforcement Forces tried to disperse the crowds.

At the end of October 2001, Tehran witnessed three days of riots as thousands of angry football fans took to the streets following the national team’s defeat in a decisive World Cup qualifying match. When they attacked banks and state buildings and chanted anti-regime slogans, including against the Supreme Leader, riot police dispersed them. About 1,000 people under eighteen were arrested in Tehran alone, although most were later released. While the disturbances were triggered by a football game, most observers agreed that they were largely driven by social and political concerns.

At the end of January 2002, 10,000 teachers demonstrated in Tehran and Isfahan demanding better pay and working conditions. The police dispersed the crowds and arrested 90 “agitators” in Tehran.

All told, while the scope of these protests generally has remained limited, they clearly reveal underlying dissatisfaction. Given growing economic hardships, demonstrations of workers, teachers and other professionals are likely to increase.

Intertwined with its economic woes, Iran also has serious problems with drugs, refugees and HIV/AIDS. A nationwide growth in drug addiction has overloaded courts, overcrowded prisons, and overwhelmed the health system, while contributing to the increasing incidence of HIV/AIDS. Iran has one of the highest populations of heroin and opium addicts in the world, and its health authorities report that as of March 2001, 67 per cent of the cases of HIV/AIDS transmission are due to intravenous drug use. Security personnel and soldiers deployed along the borders with Afghanistan and Pakistan suffer significant casualties in clashes with heavily armed smugglers as they attempt to interdict narcotics transiting to markets in Europe, the Middle East and beyond.

Finally, Iran hosts a large refugee population. The government estimates that about 400,000 Iraqi and 1.5 million Afghan refugees hold various kinds of documents issued by the authorities while a further half million Afghans reside illegally. “Asylum fatigue” has become a major topic, and refugees are increasingly perceived as a considerable social and economic burden.

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140 UNODCCP, Country Profile Report: Islamic Republic of Iran, chapter 5, drug situation.
142 See UNHCR 2002: Global Appeal, p. 146.
VI. SPLITS OVER FOREIGN POLICY

Sharp divisions between conservatives and the reform coalition over how to deal with regional neighbours, Europe and the U.S. have important ramifications not only for foreign policy, but also for the domestic political and economic situation. After reformers took over the foreign policy apparatus following the 1997 elections, conservatives resorted to covert means to conduct their own foreign policy, thereby sending out contradictory signals to the world.

A. REGIONAL NEIGHBOURS AND THE WEST

Since the 1978-1979 revolution and the seizure of the U.S. embassy, Iran’s relations with the West have been badly strained and often inconsistent. After the end of the Iraq war and Khomeini’s death, Iran, under the leadership of President Rafsanjani and Supreme Leader Khamenei, took several steps to moderate its confrontational foreign policy. Among these initiatives were establishment of a critical dialogue with the European Union (EU) aimed at normalising relations; active engagement with neighbouring states to discuss the crises in Armenia, Afghanistan, and Tajikistan (and in the latter case eventually to resolve it); and cautious rapprochement with the Arab Gulf States. This more moderate foreign policy was driven by Rafsanjani’s desire to improve an economic situation which required both expanded international economic cooperation and a reduction in military expenditures.

However, Iran’s foreign policy during Rafsanjani’s presidency from 1989 to 1997 was also inconsistent, reflecting the strong position held by hardliners he was unwilling to antagonise. For example, Iran continued to back Islamist groups in the region that use violence, including terrorism, to support their political agendas, including Hezbollah in Lebanon and Islamic Jihad and Hamas in the West Bank and Gaza. While conservatives oppose the Middle East peace process, reformers are believed to favour negotiations leading to a two-state solution. Iran’s overall stance towards the peace process and Israel, nevertheless, has remained one of strong public hostility.

Iran’s suspected involvement in acts of terrorism is a major obstacle standing in the way of improved foreign relations. Apart from its backing for the groups mentioned above, Iran is widely believed to have played a role in the June 1996 attack against the U.S. military barracks at Khobar, Saudi Arabia. Likewise, strong suspicions of Iranian involvement surround the 1994 bombing of a Jewish community centre in Buenos Aires and the earlier bombing of the Israeli embassy in the same city. Iranian security forces also appear to have been directly involved in a series of assassinations of Iranian dissidents living in Europe and elsewhere. For instance, a German court determined that President Rafsanjani and other high officials approved the 1992 assassination of four exiled Iranians in Berlin, leading the EU to suspend the critical dialogue and forcing most EU countries to withdraw their ambassadors from Tehran. Iran also continues to harbour individuals suspected of involvement in acts of violence against civilians.

For these and other reasons, Iran continues to appear yearly on the U.S. State Department’s list of states sponsoring terrorism. Indeed, according to the State Department’s most recent report, Iran is “the most active state sponsor of terrorism”. 143 The United States accuses the Revolutionary Guards and the Ministry of Intelligence and Security of involvement “in the planning and support of terrorist acts”,144 and, in particular, of supporting violent Palestinian groups. 145

Additionally, Iran has been accused of pursuing a program to develop weapons of mass destruction (WMD). Although Iran has ratified the Nuclear Weapons Nonproliferation Treaty, the Biological and Toxin Weapons Convention, the Comprehensive Test Ban Treaty and the Chemical Weapons Convention, all of which prohibit the development, production or use of these weapons, the United States believes that Tehran is engaged in an effort to acquire WMD and the means to deliver them. The U.S. in particular has focused on Iran’s cooperation with other states, notably Russia and North Korea, to secure both more sophisticated weapons systems such as medium-

144 Overview of State-Sponsored Terrorism, op. cit.
145 According to the report, Iranian “support has intensified for Palestinian groups that use violence against Israel”. However, “Iran appears to have reduced its involvement in other forms of terrorist activity”. Ibid.
Iran insists that in the former case it is responding to legitimate security concerns posed by Iraq, Pakistan, Israel and the U.S. itself, and in the latter that it is seeking to develop nuclear power, under international supervision, for peaceful purposes.

Of most concern to the United States and Israel is the development with Russian cooperation of the nuclear power plant at Bushehr. Iran maintains that the plant is for peaceful purposes only, and experts agree that the reactor could not by itself make a nuclear bomb. But the U.S. and Israel fear that technology used in the plant could be diverted to less benign purposes, and the CIA has estimated that Iran is now seven years from having a nuclear bomb. While so far the United States has chosen to deal with the issue by pressuring Russia to stop supplying the required technology, speculation has mounted – particularly in the wake of President Bush’s announcement that the United States would pre-empt threats to its national security – about a possible military strike.

It is not surprising, therefore, that tentative steps to improve relations with the U.S. fizzled. Nevertheless, Iran has sought to take concrete measures to improve its international image. There have been no reports of assassination attempts against Iranian dissidents in Europe since 1996. The government reiterated, under both Rafsanjani (1997) and Khatami (1998), that it would not carry out the death fatwa that Supreme Leader Khomeini issued in 1989 against the British author Salman Rushdie. It has engaged in constructive diplomacy that assisted in ending the civil war in Tajikistan (1997), and contributed to the successful outcome of the Bonn negotiations to establish an interim, post-Taliban government in Afghanistan (2001). It has also worked to decrease tensions between Pakistan and India relating to the disputed region of Kashmir.

Improving Iran’s international standing clearly has been a priority for President Khatami. Although Supreme Leader Khamenei blocked steps intended to improve relations with the U.S., the conservatives supported a general thaw in relations with Arab neighbours in the Persian Gulf. The most notable progress was made around the Organization of the Islamic Conference (OIC) meeting in December 1997 in Tehran and the President’s Riyadh visit in 1999, which led to significant improvements with Saudi Arabia and most other Gulf Cooperation Council members. Moreover, with the conservatives’ cautious support, Khatami has also advanced relations with key European countries through high-profile visits to Italy, France, Germany, and Austria between 1998 and 2002, and reestablished full diplomatic ties with Norway and Great Britain in 1998.

Immediately after the events of 11 September 2001, the EU expressed interest in strengthening ties to key countries in the Middle East and Central Asia, not least Iran. Progress has been slow, however. The Commission sought authority to negotiate a trade and cooperation agreement in November 2001 but received it from the European Council only on 12 July 2002. The EU plans, however, to condition progress on equivalent advances along two parallel tracks: political dialogue on regional and other international issues, including the Middle East peace process, weapons of mass destruction, and human rights; and cooperation on counter-terrorism.

Though officials of both countries have expressed an interest, improvement in U.S.-Iranian relations has been far more difficult. Since 1993, Washington has pursued a policy of “dual containment” toward Iran and Iraq, tightening economic sanctions against the former in May 1995 by prohibiting U.S. companies from doing business there. The U.S. links an end to its unilateral sanctions to Iran’s

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146 On 7 February 2001, the Director of the Central Intelligence Agency, George Tenet, testified that Iran could test a long-range intercontinental ballistic missile capable of reaching the United States within a few years. Cited in Michael Rubin, “Iran and the Palestinian War against Israel: Implications of the Karine-A Affair”, Jerusalem Post, 26 February 2002.


148 That said, the fatwa against Rushdie has not been revoked and the U.S.$2.8 million bounty for his death has not been withdrawn. The 15-Khordad foundation, which offers the bounty, is outside the government’s control and accountable only to the Supreme Leader.


150 ICG discussions in Brussels, April and July, 2002.

151 Fawaz Gerges, America and Political Islam (Cambridge, 1999), pp. 120-133.
compliance with a number of demands, including: ending support for radical organisations such as Lebanese Hezbollah, and the Palestinian Islamic Jihad and Hamas; ceasing active opposition to an Israeli-Palestinian peace process; and suspending its alleged WMD programs. Tehran, in turn, wants the Americans to abandon their sanctions and drop objection to the transfer to Iran of advanced technology “for peaceful nuclear purposes”. It also wants to resolve outstanding financial claims currently in court at The Hague, as well as be included in regional oil and gas projects involving the other Caspian Sea riparian states.152

Iran’s complex domestic environment has hampered efforts to improve relations with the U.S. Perhaps most importantly, because of the Supreme Leader’s legally mandated control over the security forces, Khatami has not been in a position to stop those activities Washington considers most harmful. Moreover, initiatives aimed at improving bilateral relations carry a clear political cost. Perceiving Washington to have been both slow and timid in responding to his initial overtures, and despite the fact that a majority of reformers are now open to a rapprochement, Khatami has tempered his efforts since 1998 rather than risk a conservative backlash.

The 11 September 2001 terrorist attacks against the U.S. appeared to create new opportunities, but elements within the political apparatus objected, reinforcing the inconsistencies in Iranian public diplomacy. Initially, the government and prominent figures from both the conservative and reform camps were quick to condemn the attacks, and many Iranians from all walks of life expressed sympathy for the U.S. Moreover, during the planning stage for the U.S.-led military operations in Afghanistan, there were indications that bilateral relations could thaw. However, this quickly turned to a new chill, as disputes over Afghanistan and Israel resurfaced, and average Iranians – prompted by rhetoric in Washington – began to fear that the U.S. might be considering an attack against Iran. In a harsh statement on state radio in May 2002, the Supreme Leader forbade talk of rapprochement with the U.S. in the ongoing public policy dialogue.153

B. THE CASE OF AFGHANISTAN

Initially, some Iranians had hoped that Afghanistan could serve as a catalyst for renewed cooperation with the U.S. on the basis of mutual national interests. When the U.S. decided to act militarily against al-Qaeda and the Taliban, Iran adopted a stance of positive neutrality, expressed readiness to rescue U.S. troops or pilots in distress on its own territory, and approved the use of its territory to transport large U.S. humanitarian shipments of wheat to Afghanistan. Iran also pledged U.S.$567 million over five years towards the reconstruction of the country and encouraged its erstwhile client, Burhanuddin Rabbani, leader of the Northern Alliance, to abandon his effort to be recognised as president, thus paving the way for the appointment of the U.S.-backed Hamid Karzai.

Yet by November 2001, the rapid demise of the Taliban and its replacement with a pro-U.S. interim regime produced anxiety among some in Iran regarding U.S. intentions in the region. Iranian security officials suspected that U.S. actions in Afghanistan were driven less by the desire to combat terrorism than by geo-strategic ambitions to contain Iran, fight Islam, and consolidate a strategic military foothold near oil-rich Central Asia.154 Other Iranians feared that the idea under consideration of returning a deposed monarchy to power in Afghanistan eventually could be used as a model for Iran.

These perceptions may have led to a somewhat schizophrenic policy toward Afghanistan. President Khatami has largely supported international efforts to manage the transition to a constitutional government but in order to avoid appearing to side with a U.S. operation against a fellow Moslem country and to prevent a permanent U.S. military presence in Afghanistan, Iran urged the U.N. to take a more prominent role in shaping the country’s political system. Even as Iran called for greater U.N. involvement, however, conservative elements in the security services were stirring trouble in western Afghanistan. Although Iran persuaded Ismail Khan, a long-time warlord and self-appointed governor of Herat, not to resist Karzai’s appointment as Afghanistan’s interim leader, elements within the regime actively sought to strengthen Khan’s control


over Herat, evidently to create a buffer zone in the region bordering Iran. Moreover, the U.S. has accused Iran of shepherding fleeing members of the defeated Taliban and al-Qaeda out of Afghanistan via Iran. These accusations have not been confirmed, but if true, they would be a strong indication that conservatives in Iran are seeking to undermine Khatami’s support for the international community’s approach toward Afghanistan.

C. THE ISRAELI-PALESTINIAN CONFLICT

Iran’s diplomacy towards the Israeli-Palestinian conflict has also been inconsistent. Despite the outward unanimity of the senior members of Iran’s leadership in sharply condemning Israel and supporting the most militant and violent Palestinian groups, President Khatami has suggested a measure of flexibility ever since his election in 1997, intimating that Iran would accept any peace deal the Palestinians themselves would accept.

In 1998 Khatami approved the Ministry of Culture’s decision to freeze funds that it was funnelling to Palestinian groups that opposed the peace process. However, in apparent retaliation, and arguably in order to ensure there would be no progress in relations with Israel and the West, Iran’s conservative judiciary ordered the arrest of thirteen Iranian Jews in Shiraz in March 1999 on a threadbare accusation of betraying military secrets.

More significantly, in January 2002 Israeli commandos seized a ship in the Red Sea, the Karine A, that was carrying 50 tons of weapons allegedly destined for the Palestinian Authority. U.S. and Israeli officials claim that these arms can be traced back to Tehran. Given Khatami’s interest in moderating Iran’s foreign policy, it is doubtful that he would have approved this exercise. In March 2002 Mohammad Ali Abtahi, Khatami’s vice-president for parliamentary affairs, argued that conservative hardliners were trying to thwart Khatami’s détente policy, including by giving refuge to Taliban and al-Qaeda suspects and orchestrating the Karine A shipment.

Ultimately, that Washington considers Iran’s opposition to the peace process a fundamental obstacle to the resumption of diplomatic ties has had two contradictory effects. On the one hand, some reform-minded Iranians are beginning to question Iran’s policy towards Israel. Ahmad Zaid-abadi, a member of the pro-Khatami Islamic Participation Front of Iran, was temporarily detained in early 2002 for an article in which he criticised Iran’s position towards the peace process and Israel. After his release, he reiterated his view that Iran should not oppose Palestinian efforts to achieve a peaceful solution with Israel and argued that Iran’s policy hurts its national interest. On the other hand, and paradoxically, the U.S. focus on Tehran’s anti-Israeli stance has led Iranian conservatives to use this as a convenient (and, in domestic terms, relatively risk-free) tool to block any normalisation.


156 See Bonyan (Tehran), 18 March 2002, p. 28.

157 ICG interview with Ahmad Zaid-abadi , Tehran, 25 February.

VII. CONCLUSION: MOVING FORWARD

A. THE INTERNAL BALANCE

The confrontation between conservatives and reformers continues to dominate Iranian politics. As this report has illustrated, neither should be considered a homogenous group; there are intricate interconnections between them; and each enjoys particular strengths and weaknesses that are a function of a complex and unique political system. The fine balance between them can be charted in domestic and foreign policy swings. Economically, Khatami’s reforms have been stymied by opposition not only from the conservatives, but also from some members of his own coalition who fear the social costs of greater privatisation. Politically Khatami has had to balance the desire for opening up the system against the risks that hasty or too radical moves might entail. As a result, five years into his presidency, Iran faces growing difficulties on both fronts.

President Khatami has succeeded in lessening Iran’s international isolation by improving its reputation in Europe and the Arab world. However, these achievements continue to be undermined by the tug of war between reformers and conservatives to set what is an inconsistent and contradictory foreign policy. Equally important, relations with the U.S. remain poor, with domestic political interests often blocking a genuine desire for normalisation. Abbas Abdi, a former spokesman for the students who captured the U.S. embassy in Tehran in 1979 and now an active reformer, has gone so far as to argue that improved relations will be impossible until democracy has been consolidated within Iran.159

While conservatives still have the power to slow down the reform process or stop it for a time, it is difficult to see how it can be thwarted in the long term given the broad public sentiment in favour of liberalisation. For example, while many reform newspapers have been closed and some leading journalists imprisoned, several new journals – often with identical editorial staff – have sprung up in their place. The judiciary’s April 2002 decree that all national-religious dissenters should be freed from prison demonstrates conservatives’ awareness of the need not to inflame public opinion. Efforts by the parliament to ratify a law prohibiting torture against prisoners was yet another positive indication, though in June 2002 the conservative-dominated Council of Guardians vetoed it because it deemed some elements incompatible with Islam.160

More broadly, and although conservatives still control the commanding heights, the reformers are incrementally strengthening their position in important ways. As a result of their efforts, in February 1999 municipal elections for local administrative councils were held for the first time since the Islamic Republic’s inception.161 They led to the establishment of some 700 municipal and local councils, which are largely dominated by reformers. Legal non-governmental faith-based professional, scientific, industrial, labour, cultural, academic, women’s, youth and charitable associations have mushroomed. Under Khatami, both the number of authorised newspapers and their circulation have quadrupled.

These advances have produced a limited, but noteworthy, relaxation of social restrictions, more frequent contacts with the outside world through Internet cafes and satellite dishes, and the government’s de-facto acceptance of ideological and religious dissent.162 This more liberal social environment will continue to generate reform momentum in ways the government and outside observers may not yet be able to imagine.

The reformers’ position also is bolstered by the growing realisation among many in the political establishment that the government faces a genuine crisis of legitimacy. It has been unable to fulfil the revolution’s economic, cultural and social promises. As a result, many moderate conservatives acknowledge that public anger may well force a closer partnership with reformers. Indeed, if Iran’s

159 ICG interview with Abbas Abdi, Tehran, 19 February 2002.
160 Ettel’at beinol-Melali (Tehran/London), 10 June 2002, p. 1. Torture is already banned by article 38 of the constitution, but the parliamentarians sought to clarify its meaning in order to stop any brutal acts against detainees, Gulf News, 7 March 2002, p. 1.
161 Although the constitution provides for the establishment of local administrative councils, until that time the conservatives had succeeded in blocking them.
economy continues to stagnate, and general popular dissatisfaction continues to mount, the survival of the current political system itself could be at risk.

That is not to underestimate the task ahead. President Khatami has largely failed in his efforts to challenge the judiciary or to enforce the rule of law more uniformly. Since 1999, there have been painful reversals affecting civil liberties, press freedoms and the right to dissent, creating an environment marked by what some have called a new culture of “judicial lawlessness”.

As the head of the judiciary is beholden to the Supreme Leader alone, Khatami lacks the power to take effective counter measures.

It is likely that the deadlock will essentially continue until the end of Khatami’s presidency in 2005. Khatami is unwilling to accelerate the pace of reform for fear of sparking a violent confrontation, and seems to have little desire to call the people into the streets. Khamenei knows that the system’s stability cannot be maintained without close cooperation between the President and himself, which also explains why he has refrained from trying to suffocate the reform process entirely. As a result, both key players strive to find consensus where possible, maintaining a weekly private dialogue on the most controversial issues.

Two other scenarios – that growing public dissatisfaction will be directed against the regime and take on a violent character, or a hardline coup with Khamenei’s blessing will overthrow Khatami – are less likely, though neither can be entirely excluded.

Overall, however, the situation is far more fluid and uncertain than is generally acknowledged in the West. Because of Iran’s highly complex and delicately balanced environment, actions by the international community may not have the intended effect. The domestic Iranian situation, as described in this report, is characterised by intricate links between conservatives, technocrats, the Islamic left, student associations and civil society in more general terms. The pace of change may be slower than anticipated, and reformers are often compelled to act with caution. The reform coalition of technocrats and the Islamic left who hold positions within the government continues to forge compromises with the conservatives for fear of inciting violence. However, as the growing number of protests and demonstrations attests, the reformers also continue steadily to extend the space within which civil society can operate, understanding that the overall public momentum for reform is the greatest resource that they have for their cause. Indeed, conservatives also seem to understand that the broad tide of public sentiment represents the greatest threat to their control of the state.

Ultimately, there probably are fewer differences between conservatives and reformers than originally hoped, but greater than currently feared. At the same time, there is no clear divide between an entrenched “regime” on the one hand and a dissatisfied populace on the other. A strategy that wagers on a popular uprising to bring down the current regime runs the risk both of undermining those very forces it purports to want to help and of abdicating important levers that can influence Iranian policy on urgent matters of non-proliferation or support for groups that engage in terrorism.

B. THE APPROPRIATE INTERNATIONAL RESPONSE

The intricate domestic Iranian situation has presented a challenge for European and American policy-makers, torn between the desire to support the regime’s reformist forces and the need to oppose many of its policies. Confronted with this dilemma, made more acute since President Khatami’s election, European countries have opted for an engagement strategy of “critical dialogue” in which official dialogue, people-to-people exchanges and trade are seen as means of strengthening the moderates and increasing Tehran’s incentive to modify those policies most troubling to the West. On 17 June 2002, the European Union’s General Affairs Council stated its “continued support for the process of reform in Iran and, in this context, reaffirm[ed] its willingness to strengthen relations between the EU and Iran”.

The Council agreed to pursue negotiations with Tehran with a view to reaching a Trade and Co-operation Agreement, though it linked such an agreement to progress on other issues, specifically counter-terrorism and non-proliferation. Summing up its view, the Council expressed its “expectations that the negotiations and conclusion of the agreement will ... contribute to the

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163 Ibid, p. 4.

continuation of the process of political and economic reform”. In a late July 2002 visit to Iran, Javier Solana, the European Union’s foreign policy and security chief, reiterated the pillars of Europe’s approach. While stressing that the EU was "determined to improve ties" with Tehran and calling for an expansion of diplomatic, parliamentary and trade contacts, he identified obstacles to closer relations: “One is the issue of acquiring weapons of mass destruction and the other is Iran’s approach to the Middle East”. 165

Saddled with a far more contentious history that includes both strong U.S. support for the Shah’s regime and the hostage crisis that followed the Iranian revolution, the United States, in the years leading up to Khatami’s victory, pursued a policy of containment that included the imposition of tough economic sanctions. These unilateral sanctions, which prohibit US trade and investment in Iran, stem from the belief that by limiting Iran’s sources of revenue, it will be less able to pursue proliferation and provide support to groups that engage in acts of terrorism. U.S sanctions culminated with the 1 May 1995 Executive Order and, in 1996, with the passage of the Iran and Libya Sanctions Act, which places restrictions on foreign or domestic entities from investing in the development of Iran’s petroleum resources. 166

After Khatami’s success and the subsequent reform gains in the 2000 parliamentary elections, U.S. policy began to shift. As Secretary of State Madeleine Albright explained in a speech that thoroughly reviewed U.S.-Iranian relations, “after the election of President Khatami in 1997, we began to adjust the lens through which we viewed Iran. Although Iran’s objectionable external policies remained fairly constant, the political and social dynamics inside Iran were quite clearly beginning to change”. 167 She further stated “my hope is that in the coming years we can plant the seeds now for a new and better relationship in years to come”. Responding to Iran’s “democratic trends”, the U.S. relaxed entry requirements for Iranian

scholars and athletes, removed import bans on several Iranian luxury goods – carpets, pistachio nuts and caviar – and expressed a willingness to work with Tehran on issues such as drug trafficking and a settlement of outstanding legal claims between the two countries.

However, mounting frustration with the pace of reform and concern over Iran’s foreign activities have led to disenchantment with this “carrot and stick” approach. Some U.S. observers concluded that, given Iran’s track record, “critical engagement now has a decade-long record of failure”. 168 In addition, there is a growing feeling in the United States that popular discontent runs deep inside Iran and that “pre-Revolutionary conditions now exist in Iran”. 169 Therefore, “rather than engage Iran”, it is argued that the United States should give up on the so-called reformers, “recognise that Muhammad Khatami does not differ substantially from his predecessors”, “ratchet up pressure” on Tehran and hold it accountable for its actions – whether in terms of its support for violent groups or development of weapons of mass destruction. 170 Speculation is even mounting in Washington about a possible U.S. preemptive strike against the nuclear power plant at Bushehr as a means of preventing the eventual acquisition of a nuclear bomb. 171

The Bush administration certainly now appears to be moving toward the conclusion that efforts to strengthen the reform camp within the regime are futile, and that the best hope for change is from outside the circles of power through the actions of Iranians dissatisfied with their economic condition and eager for democracy. The first major public expression of distaste for any kind of engagement with the Iranian government came with President Bush’s January 2002 State of the Union address, in which he singled out Iran, Iraq and North Korea as

168 Rubin, “Iran and the Palestinian War Against Israel”, op. cit.
170 Rubin, “Iran and the Palestinian War Against Israel”, op. cit. In Woolsey’s words, “President Khatami has shown himself to be at best the ruling mullah’s poodle. At worst, he is a coldly cynical participant in a good-cop-based-cop act designed to give the Europeans an excuse to do business with Iran in spite of the fact that it exports weapons of mass destruction and sponsors terrorism”. Woolsey, op. cit.
forming “an axis of evil”. The position was put more explicitly in a statement issued on 12 July 2002, in which President Bush denounced Iran’s “uncompromising, destructive policies”, accusing its un-elected leaders of continuing to “obstruct reform while reaping unfair benefits”. He called upon Iran’s leaders to “listen to [the people’s] hopes” and added, “[a]s Iran’s people move towards a future defined by greater freedom, greater tolerance, they will have no better friend than the United States”. Explaining the statement, a senior U.S official said that the administration had concluded that Khatami and his reform supporters “are too weak; ineffective and not serious about delivering on their promises”. He stressed that the administration had “made a conscious decision to associate with the aspirations of the Iranian people.”

In the administration’s most recent exposition of U.S. policy, Zalmay Khalilzad, President Bush’s special assistant responsible for Iran, spoke on 2 August 2002 of a “dual track policy based on moral clarity: tell the world specifically what is destructive and unacceptable about Iran’s behaviour. ... while laying out a positive vision of partnership and support for the Iranian people”. U.S. policy, he stressed, is “not about Khatami or Khameni, reform or hardliner”. Whether it is because he is ineffective, too weak, or in collusion with the conservatives, Khalilzad said, the fact is that Khatami had failed to deliver. Popular disillusionment with Khatami means there is “potential for more effective agents of transformation to come to the fore”. While refusing to say whether this amounted to a policy of “regime change”, Khalilzad made clear that the administration believed it highly unlikely that the current regime would modify its policies and doubted the effectiveness of the EU’s policy of engagement. He stated that the U.S. henceforth would seek to support the Iranian people “directly”.

Like the State of the Union Address before it, President Bush’s 12 July 2002 statement prompted sharply worded responses from reformers, fearful of being associated with an American attempt to interfere in Iranian affairs and forced to close ranks with the conservatives. The difficulty with such statements is that they tend to underestimate the very important political battles that are occurring within the country’s leadership, gloss over the significant differences between the conservative and reform factions, and limit the political space from which the latter can operate. Singling out Iran in this fashion also casts doubt on the consistency of the U.S. commitment to democracy insofar as, unlike any other country in the Middle East, Iran has witnessed free elections that more than once have led to the overwhelming victory of reformers. Indeed, such an approach may have the unintended effect of facilitating the hardliners’ efforts to perpetuate a domestic environment of crisis that allows them to justify the maintenance of draconian security measures. Moreover, it makes it more difficult to work with Iran on issues of mutual concern and for Iranians to engage in the kind of people-to-people dialogue that, based on its own terms, the U.S. ought to be eager to promote.

In dealing with Iran, the West should not harbour the illusion that its actions, somehow, will radically affect the situation for the better. That will remain, above and beyond all, the responsibility of the Iranian people. But the West can avoid harmful policies and take actions that, to some degree, can strengthen the forces of reform.

This does not mean that the international community should cease its efforts to change Iran’s policies or ignore aspects of those policies that are most troubling. To the contrary, in seeking to

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172 These comments touched a raw nerve, triggering a nationalistic reflex and reversing deep-seated anxieties, resentments and suspicions regarding U.S. intentions. Because of its long support for the Shah and the CIA’s role in the 1953 coup against the government of then Prime Minister Mohammad Mosaddeq, Washington’s intentions are often viewed as anything but benign in Tehran. Even outspoken advocates of détente with the U.S. questioned America’s new approach. The former Minister of Culture, Ataollah Mohajerani, an ardent reformer, argued that while Iran is ready to conduct an intensified “dialogue of civilisations”, even with the U.S., Washington would have to adopt a more moderate approach. Mohajerani also maintained that the speech proved again that the U.S. has not relinquished its imperial arrogance and is unwilling to enter a dialogue between equals. ICG interview with Ataollah Mohajerani, Tehran, 19 February 2002.

173 “Statement by the President”, 12 July 2002.


175 Speech delivered by Zalmay Khalilzad, Washington Institute, 2 August 2002. The quotes are also from the question and answer period that followed.

176 As Martin Indyk, former U.S. Assistant Secretary of State for Near East Affairs, noted, the new U.S approach “may help those we are trying to harm and harm those we are trying to help”, “U.S. Changes Policy on Iran”, The Washington Post, 23 July 2002.
promote the process of reform, it should give proper weight to the thorny issue of human rights, where Tehran needs to make certain fundamental improvements. Iran should be expected to comply strictly with the obligations it has taken upon itself as a party to international treaties, most importantly the International Covenant on Civil and Political Rights. Parties to those agreements have the right to insist that the government protect its citizens’ rights to freedom of expression, freedom to impart or receive information, and freedom of association.

Likewise, Iran’s foreign policy must be an essential element of the international community’s agenda. Iran should be held to its own public statements and undertakings about refraining from providing arms, military training and covert assistance to groups that resort to violence to advance their cause in the Middle East. It should be required to comply fully with United Nations Security Council Resolution 1373 that calls on all states to take specified action against terrorism. It should be held to its commitments with respect to WMD under the Nuclear Non-Proliferation Treaty, the Biological Weapons Convention and the Chemical Weapons Convention.

At the same time, Europe and the United States each should take appropriate action to deal with Iran on areas of mutual concern – including illegal drug trafficking, the alarming spread of HIV/AIDS, the presence of large numbers of Iraqi and Afghan refugees in Iran and environmental problems. More broadly, the international community should intensify people-to-people exchanges with Iran in all fields, including political, cultural and academic. The international community should encourage Islamic intellectuals and clerics from all shades of the political spectrum to participate in dialogues and exchanges of ideas whose outcome may contribute to loosening the political climate and improving the human rights situation in Iran. Exchange visits of officials could be highly useful. One promising category involves past and present members of European parliaments and the U.S. Congress with counterparts from the Iranian majles.

The international community also should encourage joint endeavours that can strengthen Iran’s burgeoning civil society. These include programs that promote small and medium-size private enterprises, strengthen democratic structures at the communal level and improve the social and legal status of women. Funds should be directed toward areas of mutual interest including joint workshops, conferences, training and the like, particularly in areas deemed less politically sensitive such as urban development, traffic, deforestation, and the development of human resources.

Despite their differences, the United States and the European Union would be in a better position to promote their interests by coordinating their policies to the extent possible. That will require seeking common ground on appropriate steps both to strengthen the reform trend and to respond to continued dangerous Iranian activity on the international scene with regard to support for terrorist activity and WMD. Seeking such common ground of necessity raises the question both of U.S. sanctions and of the EU’s future Trade and Cooperation Agreement with Iran.

The U.S. case for sanctions is straightforward: so long as Iran seeks to acquire WMD or provides support to groups that engage in acts of terrorism, the international community should restrict its access to financial resources. On the other hand, in the absence of multilateral support, such sanctions arguably are of limited value. Moreover, continued sanctions are used by the conservatives in Tehran as an argument against normalisation with Washington and, to the extent they hamper international commerce and trade, may in fact hamper the kinds of economic reform that could loosen the grip of the religious foundations.

A report issued by the Atlantic Council of the United States concluded that “[w]hatever effect sanctions initially had, their value is declining largely because they were imposed unilaterally, and because Iran has now found alternative investors and suppliers. They will have little discernible effect on Iranian behaviour regarding issues of concern to the United States”. At a minimum, therefore, the United States should consider relaxing certain sanctions in order to promote common U.S./Iranian interests – making possible U.S. assistance with regard to the refugee and drug situation in Iran or the establishment of U.S. non-governmental organisations in Iran.

Moreover, Washington should reconsider its blocking of Iran’s application to join the World Trade Organisation, a posture that is not required by U.S. legislation and that hampers the reform movement by slowing internal change as well as Iran’s integration into the world community. WTO membership would require a major revision of Iran’s economic and political structure, and thereby promote the kinds of reforms – such as transparency and the rule of law – that would weaken the hold of the foundations that form one of the pillars of the conservatives’ power.

For its part, the European Union should directly tie pursuit of its Trade and Cooperation Framework with Iran to progress on non-proliferation and terrorism issues. The EU should make clear that any agreement would be suspended should Iran not live up to its commitments.

Ultimately, while sound Western policies can greatly facilitate, or hinder, the process, whatever changes occur in Iran essentially will be a function of domestic dynamics. The burden of bringing Iran fully back into the mainstream of the community of nations must principally fall on the shoulders of Iranians. The political struggle within Iran, and the strong expression of views to which it is giving rise, is unparalleled in the Middle East. In that sense, the country’s political evolution concerns more than its own people. How domestic political actors – and the West – handle this unique situation will be of critical importance to the region as a whole.

Amman/Brussels, 5 August 2002
**CHART 1**

**IRAN’S CONSTITUTIONAL POWER STRUCTURE**

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**People of Iran**

- Assembly of Experts
  - Head: Ali Meshkini (since 1983)
- Supreme Leader
  - Mohammad Khatami (since 1997)
- President
  - Mohammad Khatami (since 1997)
- Parliament
  - Speaker: Mehdi Karroubi (since 2000)
- Council of 20 Ministers as of June 2002
  - Defence: Ali Shamkhani (C)
  - Information & Security: Ali Yunesi (C)
  - Oil: Bizhan Zanganeh (R)
  - Interior: Abdolvahed Musavi-Lari (R)
  - Culture & Islamic Guidance: Ahmad Masjed-Jamei (R)
  - Post Telephone: Ahmad Mutamadi (R)
  - Science & Research: Mostafa Moin (R)
  - Economy: Tahmaseb Mazhari (R)
  - Industry: Ishaq Jahangiri (R)
  - Roads & Transport: Ahmad Kharram (R)
  - Justice: Mohammad Ismail Shushtari (R)
  - Education: Mortaza Hajji (R)
  - Agricultural Jihad: Mahmud Hojjati (R)
  - Energy: Habibollah Bitaraf (R)
  - Labour: Safdar Hoseini (R)
  - Housing & Cities Development: Abdal Ali-Zadeh (R)
  - Trade: Mohammad Shariatmadari (R)
  - Foreign Affairs: Kamal Kharazi (R)
  - Health: Masud Bazeshkyan (R)
  - Cooperation: Ali Sufi (R)

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**Council of Guardians**
- (12 members)
- Head: Ahmad Jannati (C)

**Judiciary**
- Chief: Mahmud al-Hashimi (Shahrudi) (C)

**Regular Military**
- Commander: Mohammad Salimi

**Islamic Revolutionary Guard Corps**
- Commander: Yahya Rahim-Safavi (C)

**The Law**
- Enforcement Forces
  - Commander: Mohammad Bajer Qalibaf (C)

**Voice & Vision**
- Radio & Television
  - Head: Ali Larijani (C)

**General Staff of the Armed Forces**
- Commander: Hasan Firuz-abadi (C)

**Expediency Council**
- (32 members)
- Head: Hashemi Rafsanjani (C) (since 1997)

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**Election**
- **Appointment**
- **Confirmation**
- **Conservative** C
- **Reformer** R
1. Comprised of 86 clerics, elected for eight years, they are entitled to elect and depose the Supreme Leader.

2. Elected for four years; maximum two terms of office, appoints the cabinet ministers.

3. Comprised of 290 representatives, elected for four years, approves the cabinet and can remove ministers from office later by a vote of no confidence.

4. Composed of six clerical jurists directly appointed by the Supreme Leader and six non-clerical jurists appointed by the head of judiciary on suggestion of the Parliament. Determines compatibility of laws with sharia, monitors elections, approves candidates and interprets the constitution.

5. Chaired by the President and composed of the heads of the executive, legislative, and judicial branches; the chief of the combined General Staff of the Armed Forces; the head of the Planning & Budget Organization; two representatives of the supreme leader; the ministers of Foreign Affairs, Interior and Information; affected departmental ministers; the commanders of the Islamic Revolutionary Guards Corps and the Regular Military.

6. Constitutional responsibilities include arbitrating cases in which the legislation of Parliament is overruled by a veto of the Council of Guardians and advising the Supreme Leader in all matters related to the Leader’s right to establish guidelines for the overall policy of the Islamic Republic of Iran (de facto, not invoked until 1997).
## CHART 2

### IDEOLOGICAL FACTIONS WITHIN THE POWER APPARATUS

<table>
<thead>
<tr>
<th>Main Groups</th>
<th>Islamic Left</th>
<th>Modern Right or Technocrats</th>
<th>Traditionalist Right</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Militant Clerics Society</strong></td>
<td>Organisation of the Mojahedin of the Islamic Revolution</td>
<td>Executives of Construction Party</td>
<td>Militant Clergy Association</td>
</tr>
<tr>
<td><strong>Leaders</strong></td>
<td>Mehdi Karrubi, Behzad Nabavi</td>
<td>Gholam-Hosein Karbatschi, Ataollah Mohajerani, Mohammad Rafsanjani</td>
<td>Ali Akbar Nateq-Nuri, Mohammad Mahdavi-Kani</td>
</tr>
<tr>
<td><strong>Media Outlets</strong></td>
<td><em>Asr-e ma</em></td>
<td><em>Iran, Hamshahri</em></td>
<td>Resalat, Kaihan, <em>Shoma</em></td>
</tr>
<tr>
<td><strong>Power base</strong></td>
<td>Revolutionary foundations, Revolutionary Guards, student associations and religious workers in state-owned companies</td>
<td>Technocrats in the governmental bureaucracy</td>
<td>Bazaar traders, <em>Basij</em> militia, judiciary, revolutionary foundations, secret services and Revolutionary Guards</td>
</tr>
<tr>
<td><strong>Position on Supreme Leader</strong></td>
<td>The Supreme Leader should be subordinate to the constitution and the will of the people.</td>
<td>The Supreme Leader should remain superior to the constitution and the will of the people.</td>
<td>The Supreme Leader should remain superior to the constitution and the will of the people.</td>
</tr>
<tr>
<td><strong>Political orientation</strong></td>
<td>Social revolutionary Islamic</td>
<td>Liberal Islamic, technocratic</td>
<td>Conservative Islamic</td>
</tr>
<tr>
<td><strong>Party pluralism</strong></td>
<td>Recently supportive</td>
<td>Supportive</td>
<td>Strictly opposed</td>
</tr>
<tr>
<td><strong>Freedom of Opinion</strong></td>
<td>Supportive</td>
<td>Supportive</td>
<td>Strictly opposed</td>
</tr>
<tr>
<td><strong>Closed Society</strong></td>
<td>Recently greatly opposed</td>
<td>Opposed</td>
<td>Supportive</td>
</tr>
<tr>
<td><strong>Economic Policy</strong></td>
<td>Islamic socialism</td>
<td>Modern industrial capitalism</td>
<td>Pre-industrial Bazaari capitalism</td>
</tr>
<tr>
<td><strong>State Control of Economy</strong></td>
<td>Supportive</td>
<td>Opposed</td>
<td>Opposed</td>
</tr>
<tr>
<td><strong>Economic Subsidies</strong></td>
<td>Supportive</td>
<td>Opposed</td>
<td>Supportive</td>
</tr>
<tr>
<td><strong>Western Investments</strong></td>
<td>Opposed</td>
<td>Supportive</td>
<td>Opposed</td>
</tr>
<tr>
<td><strong>Reconciliation with the U.S.</strong></td>
<td>Recently overwhelmingly supportive</td>
<td>Supportive</td>
<td>Opposed</td>
</tr>
<tr>
<td><strong>View on “Exporting the Revolution”</strong></td>
<td>Generally against but with individual exceptions (such as Ali-Akbar Mohtashemi)</td>
<td>Opposed</td>
<td>Not uniform</td>
</tr>
</tbody>
</table>

### CHART 3

**LAY LEADERS OF THE NON-VIOLENT ISLAMIC DISSIDENT REFORMERS**

<table>
<thead>
<tr>
<th><strong>Group name</strong></th>
<th><strong>Student Organisations</strong></th>
<th><strong>Iranian Freedom Movement</strong></th>
<th><strong>Religion Nationalists</strong></th>
<th><strong>Kiyan School of Thought</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Office for the Consolidation of Unity</strong></td>
<td>Union of Islamic Students</td>
<td>Iranian Freedom Movement</td>
<td><em>Iran-e-Farda</em> group</td>
<td>———</td>
</tr>
<tr>
<td><strong>Ali Afshari and others</strong></td>
<td>Heshmatollah Tabarzadi</td>
<td>Ebrahim Yazdi</td>
<td>Ezzatollah Sahabi, Yusefi Ashkevari, Habibollah Paiman</td>
<td>Abdolkarim Sorush, Mohammad Shabestari</td>
</tr>
<tr>
<td><strong>Students (the group claims to have 60,000 followers throughout Iran.)</strong></td>
<td>Students</td>
<td>Businessmen (partly from bazaar circles), middle class intellectuals, representatives of technical professions, students, technocrats</td>
<td>Middle class intellectuals, representatives of technical professions, students, technocrats</td>
<td>Students, university professors, theology students, government technocrats</td>
</tr>
<tr>
<td><strong>Iran-e-Farda</strong> (monthly) closed in 2001</td>
<td>Kiyan (bimonthly) closed in 2001</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Political orientation</strong></td>
<td>Moderate left wing Islamists</td>
<td>Radical religious nationalist</td>
<td>Moderate Islamic nationalism with capitalist liberal tendencies</td>
<td>Moderate Islamic nationalism with social democratic tendencies</td>
</tr>
<tr>
<td><strong>Political goals and position Supreme Leader system</strong></td>
<td>Reform of Supreme Leader System by peaceful means</td>
<td>Abolish Supreme Leader system if necessary by means of violent public upheaval</td>
<td>Abolish Supreme Leader system but preserve Iran’s Islamic-republican constitution</td>
<td>Abolish Supreme Leader system but preserve Iran’s Islamic-republican constitution</td>
</tr>
<tr>
<td><strong>Containment of the Office for the Consolidation of Unity and harsh repression of the Union of Islamic Students.</strong></td>
<td>Harsh repression; since spring 2001 most leading activists of both groups had been temporarily imprisoned</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Chart 4

**Representative Grand Ayatollahs of the Islamic Clerical Dissidents**

<table>
<thead>
<tr>
<th>Name</th>
<th>Hosein Ali Montazeri</th>
<th>Seyyed Sadeq Shirazi</th>
<th>Hasan Tabatabai-Qomi²</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Date and place of birth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1922</td>
<td>1930</td>
<td>1911</td>
</tr>
<tr>
<td></td>
<td>Najaf-abad, Iran</td>
<td>Kerbela/Iraq</td>
<td>Najaf, Iraq</td>
</tr>
<tr>
<td><strong>Place of residence, teaching</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qom, Iran</td>
<td>Qom, Iran</td>
<td>Maschhad, Iran</td>
</tr>
<tr>
<td><strong>Religious following</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Several million followers in Iran (esp. in Isfahan, Qom, Teheran)</td>
<td>Several hundred thousand followers in Iran, Iraq, Kuwait, Bahrain, Pakistan United Arab Emirates</td>
<td>Several hundred thousand followers in Iran (esp. in Khorasan), Saudi-Arabia and Bahrain</td>
</tr>
<tr>
<td><strong>Current status</strong></td>
<td>Under strict house arrest</td>
<td>Under house arrest</td>
<td>Under house arrest</td>
</tr>
<tr>
<td><strong>Position on rule by a Supreme Leader</strong></td>
<td>Approval (from 1985-1989 was designated successor to Khomeini)</td>
<td>Silent rejection of Supreme Leader</td>
<td>Categorical public rejection of Supreme Leader</td>
</tr>
<tr>
<td><strong>Principal demand</strong></td>
<td>Removal of current Supreme Leader and direct election by the people of a new one</td>
<td>Replacement of Supreme Leader by the “Council of Religious Juris-consults”</td>
<td>Complete withdrawal of clergy from politics</td>
</tr>
</tbody>
</table>

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7. This list includes only three of the approximately 12 Iranian Grand Ayatollahs with a considerable following who predominantly reject the Supreme Leader doctrine.

8. Hasan Tabatabai i’Qomi typifies the exponents of the apolitical, quietistic majority of Shiite clergymen who refrain from mingling politics and religion.
APPENDIX A

MAP OF IRAN
APPENDIX B

ABOUT THE INTERNATIONAL CRISIS GROUP

The International Crisis Group (ICG) is a private, multinational organisation committed to strengthening the capacity of the international community to anticipate, understand and act to prevent and contain conflict.

ICG’s approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, ICG produces regular analytical reports containing practical recommendations targeted at key international decision-takers.

ICG’s reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made generally available at the same time via the organisation’s Internet site, www.crisisweb.org. ICG works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The ICG Board – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring ICG reports and recommendations to the attention of senior policy-makers around the world. ICG is chaired by former Finnish President Martti Ahtisaari; and its President and Chief Executive since January 2000 has been former Australian Foreign Minister Gareth Evans.

ICG’s international headquarters are at Brussels, London. The organisation currently operates eleven field offices with analysts working in nearly 30 crisis-affected countries and territories and across four continents.

In Africa, those locations include Burundi, Rwanda, the Democratic Republic of Congo, Sierra Leone-Liberia-Guinea, Somalia, Sudan and Zimbabwe; in Asia, Indonesia, Myanmar, Kyrgyzstan, Tajikistan, Uzbekistan, Pakistan and Afghanistan; in Europe, Albania, Bosnia, Kosovo, Macedonia, Montenegro and Serbia; in the Middle East, Algeria and the whole region from Egypt to Iran; and in Latin America, Colombia.

ICG raises funds from governments, charitable foundations, companies and individual donors. The following governments currently provide funding: Australia, Canada, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway, the Republic of China (Taiwan), Sweden, Switzerland and the United Kingdom.


August 2002
APPENDIX C

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* The Algeria project was transferred from the Africa Program in January 2002.
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