

Iran: What Does Ahmadi-Nejad's Victory Mean?

I. OVERVIEW

The surprise election of Mahmoud Ahmadi-Nejad, who is being sworn in as president this week, has given rise to dire predictions about Iran's domestic and foreign policies and relations with the U.S. and the European Union. There are reasons for concern. Based on his rhetoric, past performance, and the company he keeps, Ahmadi-Nejad appears a throwback to the revolution's early days: more ideological, less pragmatic, and anti-American. But for the West, and the U.S. in particular, to reach and act upon hasty conclusions would be wrong. Iran is governed by complex institutions and competing power centres that inherently favour continuity over change. More importantly, none of the fundamentals has changed: the regime is not about to collapse; it holds pivotal cards on Iraq and nuclear proliferation; and any chance of modifying its behaviour will come, if at all, through serious, coordinated EU and U.S. efforts to engage it.

Ideologically, Ahmadi-Nejad remains somewhat of a mystery, not so much because he conceals his beliefs as because they are strikingly abstract. His campaign utterances, much like his mayoral tenure, were dominated by lofty phrases about economic justice, Islam, national dignity and the need to protect the national interest against foreigners. Arguably the best indicator of his views are the positions of his allies -- the Islamic Revolutionary Guard Corps (IRGC), the *basij* militia, and the Abadgaran movement, all of which have embraced socially conservative and internationally confrontational outlooks, and some of which have supported violent activity abroad.

But presidential change is unlikely to signify fundamental policy change. Ironically, the same U.S. observers who before the election argued a reform victory would make little difference because unelected officials make decisions, have been quick to express alarm at a threatened rightward turn. Given Iran's political system, earlier assessments ring truer. Domestic changes may come at the margins, not spectacular enough to provoke international opprobrium, albeit serious enough for those affected. On the foreign front, the style likely will be more confrontational and less appealing to Western audiences, and in the short run at least, Ahmadi-Nejad's surprise

victory is likely to aggravate tensions with Washington and perhaps with Brussels. A diplomatic newcomer, Ahmadi-Nejad brings a less sophisticated approach than his predecessor; alone among the candidates, he did not broach improved relations with the U.S. during the campaign and, since his victory, has been at best indifferent about them. But bottom line positions -- on Iran's nuclear program, regional interests, Iraq policy -- almost certainly will not budge in the foreseeable future.

The new president is dismissive of the need to improve relations with the U.S., and his election strengthened those within the U.S. administration who have long believed engagement would only further entrench a hostile, undemocratic regime and who wish to pursue a strategy of "delegitimation". But though both sides might take short-term comfort from continued estrangement, this posture is unsustainable. On at least two burning issues -- Iraq and the nuclear question -- the U.S. and Iran inexorably must engage, collide or both. While Iran has turned a page on the Khatami era, President Ahmadi-Nejad faces the same situation and President Bush the same dilemmas as before.

In short, and for all their flaws -- hundreds of candidates, including all women, were disqualified by an unelected body, and there were serious charges of irregularities -- the election clarified some core realities of Iranian politics, with significant implications that the West cannot afford to ignore:

- **The current regime is not about to collapse, and any reform movement will need time to revive.** In an election that by regional standards was competitive, had strong participation, and offered a broad choice, Iranians voted on the basis of economic rather than political needs. There is little doubt a vast majority wants genuine reform but at this point is more interested in its well-being, and Ahmadi-Nejad spoke to that issue best. In contrast, the reform movement is in disarray, unable to find a way to participate in the political system without ultimately being stymied and discredited by it. Reformers are disorganised, lack a strong leader, have a desultory eight-year record and are failing to connect with voters' everyday concerns. In other words, for all the dissatisfaction, the regime is not nearing collapse. For the U.S. to assume that popular anger will

translate into an organised opposition and that the regime is ripe for a fall would be a risky gamble that virtually nothing in Iran appears to validate.

- **Serious, coordinated U.S.-EU engagement with Iran on the nuclear issue is required to avert a full-blown crisis or, at a minimum, genuinely test Tehran's intentions.** Renewed Iranian threats to resume work at a uranium conversion facility in Isfahan are only the latest indication that the current process is not working. More creative proposals -- allowing Iran to operate a small enrichment capacity under strict international surveillance or joint Iranian/international management of nuclear sites -- should be put on the table, along with discussion of Tehran's security concerns, before taking the uncertain step of Security Council referral.
- **On Iraq, Washington eventually must have a dialogue with Iran to maximise chances of stability.** Even with enhanced regional cooperation, in particular from Tehran, the U.S. will continue to face a resilient insurgency and a tenuous Iraqi political process; without it, the tasks will be considerably more difficult.
- **Engagement by the U.S. and the EU does not mean appeasement, and certainly not indifference to human rights abuses.** A first test will be the status of Akbar Ganji, a political prisoner whose health has deteriorated dangerously as a result of a hunger strike. His release would constitute an important symbolic gesture by the Ahmadi-Nejad administration.

II. HOW IT HAPPENED

A. THE INVISIBLE CANDIDATE

Of the eight presidential candidates authorised to run by the twelve-member Guardian Council, Mahmoud Ahmadi-Nejad appeared among the least competitive until practically the end.¹ Until a week prior to the election, he had barely surfaced in opinion polls and was denying rumours of imminent withdrawal. In the last week, most surveys predicted a three-man race between a centrist (former president Hashemi Rafsanjani), a conservative (former national police chief Mohammed Bagher

Ghalibaf), and a reformist (former Minister of Higher Education Mostafa Moin).²

Extrapolating from Mohammed Khatami's landslide victories in 1997 and 2001, as well as the 2000 parliamentary elections, it was assumed only roughly 20 per cent of the electorate identified with the conservatives, and most desired a significant overhaul of the Islamic Republic.³ For this reason every other candidate emphasized the need for political and social reform while many -- again, not Ahmadi-Nejad -- also suggested the need for improved ties with the U.S. Ahmadi-Nejad was given no chance to reach the second round (a runoff being necessary if no candidate won more than 50 per cent of the vote), let alone prevail.

Among reformers, media attention focused on Moin, who called for democratisation and greater respect for human rights, and, to a lesser degree, Mehdi Karroubi, a former speaker of the parliament who pledged to give every Iranian over eighteen \$55 (50,000 toman) monthly, at an estimated annual cost of \$30 billion.⁴ Moin started slowly but appeared to finish strongly, igniting at least some enthusiasm among young, more well-to-do reformers. Among conservatives, eyes were on Ghalibaf and Ali Larijani, a former head of state television and broadcasting and a close adviser to Supreme Leader Ayatollah Khamenei. Weeks prior, newspapers considered close to Khamenei urged Ghalibaf to withdraw in favour of Larijani; in conservative strongholds such as Qom, Larijani's presence was the most visible.⁵

But much of the focus, domestic and international, was on Rafsanjani. He announced his candidacy three days before the deadline, explaining the decision was "one of the most difficult of all my years of political activity" but he felt the need to run because of "the emergence of radical trends

¹ Over 1,000 people applied to run but the unelected Guardian Council approved only eight. Every female candidate was disqualified. Conservative candidate Mohsen Rezai withdrew before the first round.

² According to a poll shown to Crisis Group by an official of the ministry of intelligence four weeks prior to the election, 36 per cent favoured Rafsanjani, 15 per cent Ghalibaf, 9 per cent Moin, and 7 per cent Larijani. Ahmadi-Nejad had less than 5 per cent support. Crisis Group interview, Tehran, 27 May 2005.

³ In 1997, there was a roughly 80 per cent voter turnout, and Khatami received approximately 70 per cent. In 2001 participation was roughly 67 per cent, of which Khatami got about 80 per cent.

⁴ The third reform candidate was Mohsen Mehralizadeh, the little-known head of the national sports organisation and vice president for physical education/recreation. The Guardian Council initially vetoed Moin and Mehralizadeh but they were reinstated after Ayatollah Khamenei's intervention.

⁵ As former Tehran mayor and key Rafsanjani adviser Mohammed Atrianfar told Crisis Group weeks prior to the election, "traditional conservatives are deciding between Larijani and Ghalibaf. They would prefer Larijani but his poll numbers are weaker. One of them will resign in favour of the other." Crisis Group interview, Tehran, 27 May 2005.

[in domestic politics]" and "sensitive regional and global conditions".⁶ While his decision was not unexpected, there were reasons for his hesitation. People close to Khamenei signalled lack of enthusiasm, viewing him as a potential counterweight and threat to the Supreme Leader's authority.⁷ Rafsanjani's reluctance also stemmed from his humiliating defeat in the 2000 parliamentary elections.⁸ His entourage reportedly paid close attention to polls and began to express confidence only when he ranked at the top. His chief adviser, Mohammed Atrianfar, told Crisis Group weeks prior to the elections that victory was "certain" but the chance it would come in the first round was only "30 per cent".⁹ Broadly disliked and perceived as corrupt, he nonetheless appeared to be the default candidate, a potential bridge between conservatives and reformers and to the West.

In short, Ahmadi-Nejad was a dark horse, seemingly bereft of financial, institutional, and popular support. The son of a blacksmith, he grew up in a devoutly religious family in a working class section of east Tehran.¹⁰ As a student in the mid 1970s, he became active in Islamic, anti-Shah movements.¹¹ In the Islamic revolution's

aftermath, he served in the *basij*, a militia that recruits teenage volunteers, mainly from rural areas or poorer sections of larger cities. During the Iraq-Iran war, he joined the Islamic Revolutionary Guard Corps (IRGC), a body created by Ayatollah Khomeini to protect the revolution.¹² Subsequently, he was vice governor and governor of several north-western provinces and adviser to the Minister of Culture and Islamic Guidance. After receiving his doctorate in traffic engineering, he took a position as professor at the Iran University of Science and Technology. In 1999, he unsuccessfully ran for the Tehran city council.¹³

Ahmadi-Nejad first appeared on the national scene in May 2003 when the newly elected, conservative Tehran city council appointed him mayor.¹⁴ His tenure had mixed results. Many lower-income residents applauded his economic policies, including low-interest loans to the economically disadvantaged and newlyweds. Many in the middle and upper classes were wary of his conservative political and social outlook. Ideologically, his views have seemingly deviated little since 1979 and are typical of a new generation of religious conservatives: adherence to the purity of the Islamic revolution, denunciation of moral and material corruption and belief in faith's power to correct these flaws and establish just government. But few appeared to give serious thought to his candidacy until shortly before the vote.¹⁵

⁶ Gareth Smyth, "Rafsanjani stand again for presidency", *Financial Times*, 10 May 2005.

⁷ Crisis Group interviews, Tehran, March-May 2005. According to an editorial in *Keyhan*, the hard-line daily whose editor is appointed by the Supreme Leader, "Iranians have experienced the previous reformist [Khatami] and construction [Rafsanjani] governments and certainly they are looking for new figures....The candidacies of certain figures, who have shown whatever management power they had and now do not have any new plans or policies and perhaps are tired and not patient enough, cannot motivate people to take part in the election", *Keyhan*, 10 May 2005. Rafsanjani's son Mehdi Hashemi, reportedly said his father would seek to amend the constitution to make the Supreme Leader's position closer to that of a British monarch. *USA Today*, 6 February 2004. He subsequently claimed he had been misquoted. In milder terms, Atrianfar, the Rafsanjani adviser, explained: "The leadership structure is respected in the constitution and is very important, but the fact that some try to create non-constitutional sanctity for the leadership is not accepted by the Supreme Leader himself and is not correct. If all of the structural powers in the country are given to the leadership...it will be a monarchy." Crisis Group interview, Tehran, 27 May 2005.

⁸ According to initial results, Rafsanjani was not among the top 30 vote getters; while subsequently he was awarded the 29th spot, he did not take the seat due to widespread suspicions of electoral impropriety.

⁹ Crisis Group interview, Tehran, 27 May 2005.

¹⁰ For more on Ahmadi-Nejad's early background see Robert Tait, "A humble beginning helped to form Iran's new hard man", *The Guardian*, 2 July 2005.

¹¹ Allegations have surfaced that he was among the core group of students who held U.S. diplomats hostage in 1979-1980. One former hostage, Col. Charles Scott, said he was certain Ahmadi-Nejad "was among the top two or three leaders [of the hostage

crisis]...this is the guy, there is no question about it...the new president of Iran is a terrorist", *Washington Times*, 29 June 2005. These accusations, which Ahmadi-Nejad has denied, appear to be unfounded and spread by detractors in the exiled opposition, the Mojahedin-e Khalq (MKO), and in the U.S. to discredit him. While he may have been present, as many students were, the suggestion he was a leader has been refuted by Abbas Abdi and Ibrahim Asgharzadeh, student leaders at the time who today are among his political opponents. See *The Washington Post*, 1 July 2005. Others have noted that some of the more prominent reformers were important in the take-over and were not ostracised internationally or denounced by Washington. See Christopher de Bellaigue, "New Man in Iran", *The New York Review of Books*, 11 August 2005. If Ahmadi-Nejad had been prominently involved, it is hard to see why he would deny what is not a politically negative connection in Iran.

¹² Ahmadi-Nejad served in the IRGC and allegedly was sent to Iraq as an "extraterritorial covert operative", before becoming head engineer of the IRGC's sixth division and later head of its staff in Iran's north-western provinces.

¹³ Islamic Republic News Agency (IRNA), 3 March 1999.

¹⁴ The council's fifteen members were elected in February 2003, when only 12 per cent of the capital's residents voted and all seats went to conservatives.

¹⁵ Amir Mohebian, a prominent conservative political adviser who has known Ahmadi-Nejad for years, said "he didn't do anything that special" as mayor. Crisis Group interview, Tehran, 24 June 2005.

Nor was he noticed by competitors: Rafsanjani, Ghalibaf and Moin advisers failed to mention him as a serious rival.¹⁶ Touring lower-income areas of south Tehran and traditional areas such as Qom, Crisis Group rarely heard him mentioned for much of the campaign.¹⁷ With attention on Rafsanjani and Moin, conservatives appeared worried and divided, unable to decide on a single candidate.¹⁸ Writing two days before the first round, Amir Mohebian, an influential conservative political adviser, concluded: "it's over... we have no chance".¹⁹

B. EXPLAINING THE VICTORY

First round results, therefore, confounded expectations. Rafsanjani predictably came first with 21 per cent but Ahmadi-Nejad second with 19 per cent and Karroubi third with 17 per cent were genuine surprises.²⁰ The 62 per cent turnout also was significantly higher than anticipated and generated some controversy.²¹

¹⁶ Crisis Group interviews, Tehran, April-June 2005.

¹⁷ In the last days before the first round, however, Crisis Group began to pick up signs of considerable support for him in south Tehran, the poorer part of the city, but it seemed unlikely at the time that he would be well enough known to duplicate that popularity in other parts of the country.

¹⁸ In an editorial days before the election, hard-line daily *Siyasat-e-Ruz* wrote: "With four fundamentalist candidates running in the presidential election and none ready to pull out and support a single candidate, the people don't know what to do. It can be said that people are not satisfied with this situation. These candidates should pledge to support a single candidate who may find his way to the second round", 13 June 2005. Hard-line daily *Keyhan* echoed this: "Most of the opinion polls show that the votes for the fundamentalist candidates altogether are more than the votes for each one of the other candidates. It can be concluded that if the trend of the election goes ahead like this and all four fundamentalist candidates take part in the election, none of them has a chance of winning; while their unity will definitely bring them victory. The four candidates should be imprisoned in a mosque for 48 hours to negotiate with themselves and with God, so that they should understand the necessity of a single candidate in the election and stop stressing their individual interests", 8 June 2005. On the eve of the elections, *Keyhan* commented: "We had predicted that it was possible that the fundamentalists would not reach consensus on a single candidate. Now it is probable that none of their candidates will find his way to the second round", 16 June 2005.

¹⁹ *Resalat*, 15 June 2005.

²⁰ Ghalibaf and Moin finished fourth and fifth respectively, each receiving close to 14 per cent.

²¹ The Interior Ministry, which is controlled by the presidency and oversees the elections, initially announced a 57 per cent turnout while the conservative Guardian Council, close to the Supreme Leader, said 67 per cent, a 4.7 million vote discrepancy. In the end, the number was said to be 62 per cent.

Ahmadi-Nejad's campaign picked up tremendous steam after the first round. Seeking to reassure voters, he gave a highly effective television interview two days prior to the run-off, portraying himself as a social moderate and emphasising economic justice over other issues. He won decisively, receiving 61 per cent (17.2 million votes) to Rafsanjani's 35 per cent (10 million).²² Despite further allegations of fraud from Rafsanjani's camp, the margin of victory was too wide for them to discredit his election.²³

In hindsight, several factors -- aside from the inherent unreliability of Iranian polling²⁴ -- help explain an outcome no Iranian expert had predicted.

A campaign that stressed economic issues. Reform candidates such as Moin stressed human rights, democracy and social liberalisation, with little attention to the economic and social issues of far greater urgency to most Iranians. With high unemployment and inflation, economic woes, not democratic deficits, were uppermost on people's minds.²⁵ Ahmadi-Nejad focused on day-to-day problems. Style reinforced substance: Ghalibaf's flashy campaign alienated traditional voters without appealing to urban youths. He used colourful, Western-style posters, Ahmadi-Nejad black and white photocopies; Ghalibaf's campaign videos pictured him flying planes, Ahmadi-Nejad's depicted his spartan home. Ahmadi-Nejad came across as a man of the people, in touch with everyday concerns. Touring in a small bus, he often spoke in mosques and prayer halls. While Rafsanjani and Ghalibaf's campaign slogans were geared to the urban middle and upper classes, Ahmadi-Nejad focused on the poor, emphasising his humble background and simple lifestyle. Significantly, two of the more successful candidates -- Ahmadi-Nejad and Karroubi -- spoke to pocket-book concerns and

²² Turnout fell slightly in the second round to roughly 59 per cent. Ahmadi-Nejad increased his vote from 5.7 million to 17.2 million. Given that conservative candidates combined received 10.4 million votes in the first round, he likely attracted many Karroubi-sympathisers as well as other reformists adverse to another Rafsanjani presidency.

²³ In a public statement after the election, Rafsanjani alluded to a plot against him and attacked "those who ruthlessly destroyed my reputation and that of my relatives by spending tens of billions of people's money", Available at http://www.isna.ir/Main/News_View.aspx?ID=News-546231.

²⁴ See Scott Peterson, "Forecasting Iran's Vote", *Christian Science Monitor*, 15 June 2005.

²⁵ Another important dimension was the impact of regional and ethnic affinities. Every candidate, save Moin, won his native province, Rafsanjani (Kerman), Ahmadi-Nejad (Tehran), Karroubi (Lorestan), Ghalibaf (Khorasan), Larjani (Mazandaran), and Mehralizadeh (Azerbaijan). Moin lost Isfahan to Ahmadi-Nejad. Mehralizadeh, an ethnic Azeri Turk who received 4 per cent, swept the three Azeri-dominated provinces in the northwest (Iranian Azerbaijan).

attracted voters more with populist platforms than socio-political views. A degree of moral Puritanism arguably also helped in a country with growing drug addiction and prostitution.²⁶

The failure of the reform movement. While Karroubi nearly reached the second round as a reformist candidate -- and might arguably have done so without alleged irregularities²⁷ -- the decline in popularity from 1997-2001 is striking. Iran's reformist movement has been in disarray, unable to find a way to participate in the system without being stymied and discredited by it.²⁸ With growing frustration at Khatami's incapacity to produce change from within and scant interest in fighting for change from without, disaffection with the movement and politics generally grew exponentially. In the words of a young Tehrani, "worrying about politics here is as futile as worrying about the weather. You may not like it, but you're not going to change it".²⁹ Emadeddin Baghi, a prominent journalist, religious reformer, and human rights activist, cited apathy and hopelessness as "the biggest enemy of democracy. When people are passive the regime does anything it wants".³⁰

Reformers were disorganised, lacked a charismatic leader, and ran on a desultory eight-year record. Most importantly, they failed to address economic concerns. Amir Mohebian, an adviser to the Supreme Leader and a key conservative strategist, may have put it best:

The reformists rode the demographic wave. In 1997, when Khatami was first elected, their constituents were in their late teens or early twenties, and strived for a more open, liberalised society. To some extent, they achieved it. Now they are in their mid to late twenties. Social liberalisation under Khatami helped them get the girl. Now they want to marry. But they lack the tools to do so: money, employment, or housing.³¹

²⁶ See Karl Vick, "AIDS crisis brings radical change in Iran's response to heroin use", *The Washington Post*, 5 July 2005.

²⁷ Underscoring how close the reformists came, Mohammed Quchani, a journalist, commented: "There is no doubt that if the reformists were united and would have established a national organisational coalition from a year ago, instead of a national media coalition a few days before the elections, they would not have failed today", *Sharq*, 27 June 2005.

²⁸ See Crisis Group Middle East Briefing N°11, "*Iran: Discontent and Disarray*", 15 October 2003.

²⁹ Crisis Group interview, Tehran, 25 November 2004.

³⁰ Crisis Group interview with Emadeddin Baghi, Tehran, 2 December 2004.

³¹ Crisis Group interview, Tehran, 25 May 2005. Among former supporters, resentment toward reformists can exceed that felt toward conservatives because it is exacerbated by disappointment. In the words of a 24 year-old Tehrani who

As noted, the strong showings of Ahmadi-Nejad and Karroubi demonstrated that for most Iranians, economic hardship is the primary preoccupation, and the reform movement as a whole failed to address this. Despite soaring oil prices and rising GDP, the Khatami government had little success tackling inflation or unemployment.³² Only half the nearly one million annual entrants into the labour market find jobs. According to a government-commissioned report, unemployment among fifteen to 29 year-olds will reach 52 per cent in less than two years.³³ It is worst in urban provinces, in places like Qom, Mashad, Shiraz, Isfahan, Arak and Rasht, where the most frequent complaint is not about the lack of political and social freedoms but the high cost of living and non-existent employment opportunities.³⁴

Last-minute support from regime institutions. Ahmadi-Nejad's strong first round showing also appears to have reflected a late decision by the regime's leadership to throw its institutional weight behind him. The charges by some unsuccessful candidates -- voters being pressured by *basij* members at polling stations and duplicate or false identity cards (*shenasnameh*) -- are difficult to substantiate; neither Karroubi nor Moin, who both cried foul, pursued their claims. What seems beyond dispute is that Revolutionary Guards and *basij* mobilized their constituencies for Ahmadi-Nejad. *Basij* members told Crisis Group they received phone calls from colleagues "persuading" them to vote for him and encouraging them to spread the word.³⁵ At the Friday prayer session on election-day -- when campaigning officially was banned -- Ahmadi-Nejad supporters were urging attendees and their families to vote for him.³⁶ Journalists reported

did not vote, "when I was sixteen, I campaigned tirelessly for Khatami. I handed out thousands of leaflets and posters and implored everyone around me to vote for him. Now I can't stand the reformists. All they did was talk, they didn't do anything for the people. They claim they gave us social freedoms but in reality it was the people who pushed for this, they just took the credit". Crisis Group interview, Tehran, 2 July 2005.

³² Unemployment statistics are widely debated, but most independent economists put it around 20 per cent and underemployment considerably higher. The Central Bank of Iran estimates unemployment at 12 per cent. Inflation is approximately 16 per cent and higher in major cities such as Tehran.

³³ Cited in Jahangir Amuzegar, "Iran's unemployment crisis", *Middle East Economic Survey*, 11 October 2004. National Youth Organization of Iran, available at <http://www.nyoir.org>.

³⁴ Crisis Group interviews in these cities, September 2004-July 2005.

³⁵ Crisis Group interviews, Tehran, 22 June 2005.

³⁶ Karroubi cited these allegations in a sharply worded letter to Ayatollah Khamenei after the first round: "I believe that there has been a great deal of very odd and strange interference in the election, and a great deal of money has changed hands, and in a

calls by IRGC and *basij* representatives to vote for Ahmadi-Nejad.³⁷ To what extent encouragement became pressure, and pressure became intimidation, is a more difficult question; to what extent any of this accounts for the magnitude of Ahmadi-Nejad's victory -- and whether he would otherwise have lost -- is another matter still.³⁸

A flawed second-round opponent. While Rafsanjani's campaign sought to project an air of inevitability and played on the presumed desire for stability, it could not overcome the candidate's overwhelmingly negative image and low popular standing, evidenced in the 2000 parliamentary elections and widely circulated rumours concerning his and his family's impressive wealth. Politically, he was seen as neither a loyal conservative nor reliable reformer. Some in both camps saw him as the least undesirable candidate but few endorsed him enthusiastically. His campaign seemed only to make matters worse. In fact, he virtually refused to campaign, calculating that people would choose him over the uncertainty represented by others. His elitism only appeared to validate what had turned Iranians off from the start, reminding them of the dishonesty and cronyism they associated with his presidency.

Significantly, even in private polls he led, Rafsanjani was reported to have high negatives.³⁹ In a contest between "rich and poor", some reformists argued he had no chance of winning and urged him to yield to Karroubi.⁴⁰ "People

who feared Ahmadi-Nejad were far fewer than those who feared poverty."⁴¹ In a post-mortem, prominent reform journalist Mohammed Quchani acknowledged the strategy of "scaring" people into voting for Rafsanjani (or against Ahmadi-Nejad) was a mistake: "Some of Ahmadi-Nejad's criticisms against Hashemi [Rafsanjani] were similar to those levied by the reformists against him five years ago... We could not justify in just three days why people should vote for the target of our past attacks".⁴² Responding to accusations he had "ruined" the country by voting for Ahmadi-Nejad, a blue-collar worker said:

Things were already ruined here! We work morning until night only to go into further debt -- is this living? I don't have any illusion that Ahmadi-Nejad can come in and fix things. But at least he's not going to enrich himself while trying.⁴³

Ultimately, there was much irony in Ahmadi-Nejad's victory. Although favoured by the Supreme Leader, he portrayed himself as an outsider determined to fight the cronyism and corruption widely associated with the political elite, none more than Rafsanjani.⁴⁴ Although the electorate was reacting to the Islamic revolution's failure to address their basic economic needs, it did so by voting for the candidate who was its most ardent defender. More than a quarter century after a revolution that promised to erase social inequalities, the persistence of excessive inequalities delivered victory to that revolution's true standard bearer.

number of cities some strange things have taken place... Our request... is to investigate this matter. It is not possible for an unknown person to come and receive [the second highest number of] votes. All this had been planned in advance and this was done by the centres of power. We shall show that the leaders [commanders] of the guards corps had made speeches in many places in favour of a particular candidate. Available at <http://news.gooya.com/president84/archives/031422.php>.

³⁷ See for example de Bellaigue, "New Man in Iran", *op. cit.*

³⁸ *Basij* ability to sway an election is unclear, if only because of discrepancies on their numbers. While conservatives often claim 20 million *basij*, Crisis Group interview with Mehdi Chamran, a key adviser to Ahmadi-Nejad, Tehran, 13 July 2005, it generally is believed three to six million are on the *basij* payroll. Of these, only around 200,000 are thought to be active, and some one million could be mobilised in a crisis. Mostly, and especially in provinces and small towns, the *basij* are more of a civic/social group than a militia. A 24 year-old member told Crisis Group, "the only reason I stay in the *basij* is for the money [95,000 toman/month, \$107]. Many of my friends in the *basij* are unhappy with the government". Crisis Group interview, Tehran, 29 April 2005.

³⁹ Crisis Group interview with former Deputy Foreign Minister Abbas Maleki, Tehran, 23 April 2005.

⁴⁰ See Abbas Abdi's letter to Rafsanjani, published in *Sharq*, 29 June 2005. According to former Khatami Vice President Mohammad Ali Abtahi, "Hashemi [Rafsanjani] was presented as a representative of power, wealth and the establishment,

while Ahmadi-Nejad was an unknown personality. People obviously preferred anyone with less affiliation to the unhappy state of affairs. Furthermore, Rafsanjani had only one week to alter his public image", Roozonline, 27 July 2005.

⁴¹ Crisis Group interview with Amir Mohebian, Tehran, 25 June 2005.

⁴² Mohammed Quchani, "Did we lose?", *Sharq*, 27 June 2005. Iranian reformists who tried to mobilise voters against Ahmadi-Nejad implored them to "hold their nose" and vote for Rafsanjani. See for example Ahmad Sadri, "Saaz-haaye khod raa az no kook konim", *Sharq*, 20 June 2005.

⁴³ Crisis Group interview, Tehran, 3 July 2005.

⁴⁴ According to Saeed Hajjarian, who advised Khatami during the 1997 election, Ahmadi-Nejad "worked on four rifts -- he was for the poor against the rich, for university people against the clergy... for the nation against the state and for religious people against secularism", Gareth Smyth, *Financial Times*, 20 July 2005. A middle-aged Tehrani explained: "They say Ahmadi-Nejad is a radical and has blood on his hands and would be bad for the country. Well Rafsanjani is all of those things. He's responsible for so many of the crimes of this regime. I will never vote for him", Crisis Group interview, Tehran, 24 July 2005.

III. DOMESTIC IMPLICATIONS

A. WHAT DOES THE NEW PRESIDENT STAND FOR?

As Crisis Group described in past reports, Iran is governed by a complex set of elected and unelected individuals and institutions (including the Supreme Leader, the president, Council of Guardians, Expediency Council, Parliament and security and parastatal forces), a set of competing power centres inherently favouring continuity.⁴⁵ At the same time, with supreme leadership, presidency and parliament in conservative hands for the first time in years (not to mention other unelected bodies), some checks have been removed and Khamanei's power almost certainly consolidated.⁴⁶ As Iranian analyst Siamak Namazi says, "alterations of players in one power centre are unlikely to lead to rapid change, at least not durable change, though the new players do get a louder voice in the consensus-building process".⁴⁷

Ideologically, Ahmadi-Nejad is still somewhat of a mystery, not so much because he conceals his beliefs as because they have a remarkably abstract quality. His campaign utterances, much like his mayoral tenure, were sprinkled with lofty phrases about economic justice, the ability of a hardworking, trustworthy government to follow the true path of Islam, and the need to protect the nation's interests and dignity against foreigners. To the extent such sentiments can be projected into policy, it must be assumed he will concentrate on economic rather than social issues and will rely on the state to end corruption and redistribute wealth -- what, during his campaign, he described as "putting the oil income on people's tables".⁴⁸

Even so, inconsistencies are surfacing, and the end result is likely to reflect the balance of power between Supreme Leader, president, and other socio-political constituencies more than anything Ahmadi-Nejad may have in mind. For example, his calls for income redistribution have sufficiently worried the business community that he has had to offer reassurances. During the campaign he vowed to shut down the stock exchange, analogising it to gambling (which Islam prohibits), but he now says he

"strongly supports capital markets."⁴⁹ He has railed against "wasteful" government spending while calling for more government subsidies and characterised government as "too big" while denouncing current privatisation efforts.⁵⁰ His bold vow to "cut the hands off" the country's mafia does not seem to extend either to powerful, tax exempt religious foundations (*bonyads*), which control billions of dollars in assets,⁵¹ or the Revolutionary Guards, which increasingly are involved in economic activity.

More liberal-minded Iranians worry Ahmadi-Nejad will roll back some social gains of Khatami's tenure and impose further curbs on political freedoms. The anxiety is fed by both his rhetoric (with its heavy emphasis on Islam and the Islamic revolution)⁵² and widely circulated albeit disputed reports regarding his tenure as mayor (including that he advocated gender segregation in municipal office elevators and universities and turned cultural centres into Islamic centres). During the campaign and since, he has sought to shed this reputation. Social issues did not figure prominently in his campaign, where he stressed that other matters were far more important.⁵³ Seeking to reassure, he asserts that:

⁴⁹ Reuters, 25 June 2005. The market has fallen 6 per cent since the election, Roozonline, 21 July 2005 and Agence France-Presse, 25 July 2005.

⁵⁰ In the words of Ahmadi-Nejad, "Currently, the private banks have no positive or constructive role in the economy, rather a destructive one", Reuters, 21 June 2005.

⁵¹ Bonyads enjoy monopoly status and benefit from a closed, isolated economy. They typically engage in a range of activities including trade, commerce, manufacturing, social services, arts, and political and religious propaganda. They often have access to state funds and can do business in a largely unregulated way, free from state control and rife with corruption and nepotism. They tend to be headed by influential clerics or other elite figures. Asked about this, Mehdi Chamran, a close aide to the new president, was circumspect: "All these foundations belong to a special kind of category, and the government and judiciary system have special influence over these foundations and we can ask them to give us their records of working so we know what they have been doing and what they've earned during their transactions", Crisis Group interview, Tehran, 13 July 2005.

⁵² "The era of oppression, hegemonic regimes, tyranny and injustice has reached its end...thanks to the blood of the martyrs, a new Islamic revolution has arisen and the Islamic revolution of 1384 [the current Iranian year] will, if God wills, cut off the roots of injustice in the world...The wave of the Islamic revolution will soon reach the entire world", Agence France-Presse, 1 July 2005.

⁵³ In an interview on state television two nights before the runoff, Ahmadi-Nejad said: "Are hairstyles the real problem of [our youth]? They can cut their hair the way they want, it's none of our business. We have to take care of the real problems of the country...not what to wear. The government should put order in the economy and create calm". Quoted in *Golnaz*

⁴⁵ See Crisis Group Middle East Report N°5, *Iran: The Struggle for the Revolution's Soul*, 5 August 2002.

⁴⁶ Seeing in Ahmadi-Nejad a Khamanei protégé, some have gone so far as to claim he "won't even drink water without the leader's permission". Saeed Hajjarian, a prominent reformist and former intelligence chief, in the *Financial Times*, 20 July 2005.

⁴⁷ Crisis Group interview, Tehran, 4 April 2005.

⁴⁸ *Iran Daily*, 16 July 2005.

Moderation will be the main policy of the government of 70 million people. There will be no place for extremism...This government will be a government of friendship and compassion. This government will be a government of justice and fairness, in the service of the people...whatever views they have".⁵⁴

In describing him, friends and colleagues reflect this ambivalence, viewing him as "very intelligent and capable", "not a fanatic", but also "narrow minded" in his worldview.⁵⁵ Nasser Hadian, a childhood friend and a Tehran University political science professor with close ties to reformist groups, told Crisis Group the new president had a sober view of his mandate and level of support: "He cannot rule the country with a hard line, because the hardliners constitute only a small portion of society".⁵⁶

Changes may come at the margins, not spectacular enough to provoke international opprobrium, but serious enough for those affected. While he would have difficulty reversing the bulk of Khatami's social and cultural reforms, he is unlikely to expand them. Khamenei's recent appointment of former Tehran *basij* chief Esmail Ahmadi Moghadam to head the national police force (replacing Ghalibaf) suggests a possible hardening on social freedoms.⁵⁷

B. THE COMPANY HE KEEPS

Perhaps of greater concern to some Iranians than the new president is his entourage and most ardent supporters,

Esfandiari, RFE/RL, 24 June 2005. This interview was widely watched and impacted positively on his campaign, assuaging the concerns of many who feared he was a religious fundamentalist. A Tehrani bazaari said, "He is not a *hezbollahi* [fundamentalist], his words were very open minded and moderate. The man has his doctorate, he is educated". Crisis Group interview, Tehran, 22 June 2005.

⁵⁴ Agence France-Presse, 20 July 2005.

⁵⁵ Crisis Group interviews with Nasser Hadian, Tehran, 13 July 2005 and Amir Mohebian, Tehran, 25 May 2005. Both have been friends with the new president for years, although both supported Rafsanjani in the second round. Mohebian confided to Crisis Group his "pessimism" concerning Ahmadi-Nejad's presidency.

⁵⁶ Crisis Group interview with Nasser Hadian, Tehran, 13 July 2005.

⁵⁷ According to *basij* commander Mohammad Hejazi, "The person who has been elected by the people as the next president is a *basiji* personality, and it is expected that he is going to appoint aides and managers who espouse the *basiji* mode of thought as well", *Iran Daily*, 7 July 2005. Hejazi predicted that *basij* members of government organisations would play an important role in the future. RFE/RL, 24 July 2004.

a combination of religious extremists, military and paramilitary groups, including the Abadgaran (*Etelafe Abadgaran-e Iran-e Eslami*, Developers Coalition of Islamic Iran), IRGC and *basij*. Considerable attention has focused on figures such as Ayatollah Mesbah Yazdi, his spiritual adviser (*marja-e taqlid*) and apparent political counsellor, who has stated that Ahmadi-Nejad plans to form an "Islamic administration", and his victory is a "clear indication of the Iranian public's support of Islamic governance".⁵⁸

To a large extent, the new president owes his ascent to the Abadgaran. It is not a political party -- though it has now applied for that status -- but rather an alliance of hard-line conservatives who came together shortly before the February 2003 Tehran municipal elections. Mehdi Chamran, one of its chief architects and a close Ahmadi-Nejad aide, described its origins:

Prior to Tehran's second city council elections some like-minded friends got together to reflect upon some issues. People were so upset with the first [reformist] council; its impact had been so negative that our hearts went out to them. It wasn't even political; it was a reaction to the economic suffering people were enduring. So initially it was more of [a] social than a political reaction.

The main problem [of the first Tehran city council] was that politics interfered with social issues. So we decided to create an independent group of experts who would stay above the political fray. We decided they should be independent of known political parties, independent experts on urban issues or with suitable experience in related issues. In coming up with a name, they initially suggested "Developers Coalition of Islamic Tehran", but I suggested "Developers Coalition of Islamic Iran", because I said one day we'd like to work for all of Iran, not just Tehran.⁵⁹

Little has been written about the group. Self-proclaimed "fundamentalists", the relatively young Abadgaran members proclaim their allegiance to the principles of the revolution and its original leader, Ayatollah Khomeini, espousing an amalgam of populist, state-centred, redistributive economic policies and a more pronounced

⁵⁸ Roozonline, 30 June 2005.

⁵⁹ Crisis Group interview, Tehran, 9 July 2005. A political analyst provided support for Chamran's criticism: "The first Tehran city council was filled with big name reformists -- people like Hajjarian, Tajzadeh, Asgharzadeh -- who were not really qualified to run a city council. They were political operators rather than technocrats. They immediately started quibbling over who would be mayor, appointing and then dismissing them. It really was a mess". Crisis Group interview, Washington, 27 July 2005.

pan-Islamic and anti-American creed.⁶⁰ (That said, Chamran downplayed the group's populism: "the idea is not to hand poor people money, but to create employment for them so they can earn money for themselves".)⁶¹ Many are veterans of the Iran-Iraq war and former members of the IRGC, with which they maintain close ties.⁶²

The Abadgaran swept the 2003 Tehran elections, in which a mere 12 per cent of residents voted. In May 2003 it appointed Ahmadi-Nejad as mayor.⁶³ The Abadgaran made its mark on city government, building roads, highways, and bridges, as well as parks on its poor south side, though it was criticised by some for applying ideological criteria to contracts.⁶⁴ Following its success, Chamran said, several conservative politicians requested use of the Abadgaran affiliation and chose to run on its platform in the February 2004 parliamentary (*majles*) elections when the Abadgaran moved to the national stage, winning 29 of 30 seats in Tehran and roughly 170 of 290 seats in the *majles* as a whole.⁶⁵

Although vocal in parliament, the Abadgaran's influence is unclear. So far, it has not had discernible impact on major policy decisions,⁶⁶ the most visible case being

inability to halt nuclear dialogue with the EU despite harshly denouncing it.⁶⁷ Still, it has made its presence felt on matters of consequence to its interests and those of its allies. It achieved budgetary increases for paramilitary forces, religious foundations, state television and radio, as well as for the Guardian Council, which scrutinises all laws and political candidates.⁶⁸ It also helped block certain privatisations and steps designed to encourage foreign investment,⁶⁹ and, together with the IRGC, torpedoed a major foreign investment deal in telecommunications as a threat to national interests.⁷⁰ Chamran told Crisis Group, "it doesn't make any difference to us whether or not foreign firms operate in Iran; it's not a big priority for us. Lots of things can be done by Iranian firms and don't require outside influence".⁷¹

Another institution that contributed to and is likely to benefit from Ahmadi-Nejad's election is the IRGC.⁷² For some time, reformists and intellectuals have voiced concern about gradual "militarisation" of politics, with harder-line factions and groups with military backgrounds being elevated to key economic and political positions.⁷³ While there are various explanations, security concerns prompted by the U.S. military presence in Afghanistan and Iraq, coupled with increasingly hostile U.S. rhetoric, certainly contributed to this political ascent.⁷⁴

⁶⁰ Some Abadgaran parliamentarians, such as Tehran representative Mehdi Kuchakzadeh, have been involved in the symbolic recruitment of "volunteers for martyrdom-seeking operations against the British and American occupiers" in Iraq. To date, none actually seem to have gone. See RFE/RL report, 14 January 2004.

⁶¹ Crisis Group interview, Tehran, 13 July 2005.

⁶² Nasser Hadian describes them as conflicted between their attraction to modernity and their fear of its consequences. "On the one hand they want to be modern and move forward, on the other they want to preserve their traditions". For a more in-depth look at the Abadgaran, see Kamal Yazin, "Iranian neo-cons make power play in Tehran", Eurasianet.org, 1 October 2004.

⁶³ Tehran's mayor is not elected directly but appointed by the elected fifteen-member city council.

⁶⁴ Scott Peterson, "How well are hardliners running Tehran?", *Christian Science Monitor*, 11 April 2005. Chamran claimed the Abadgaran "did the equivalent of eight years worth of work in two". Crisis Group interview, Tehran, 13 July 2005.

⁶⁵ That conservatives swept the February 2004 elections hardly was a surprise. Most reform candidates were either barred by the unelected Islamic Guardian Council or boycotted in protest; the public, disillusioned by reformists' lacklustre performance, largely stayed away. The swift growth from a Tehran to a national phenomenon has many observers concerned. "It's like a group of street soccer players suddenly making it to the World Cup. They have no experience. They can build bridges in Tehran, but can they build diplomatic bridges with the world?". Crisis Group interview, Iranian political analyst, Tehran, 29 June 2005.

⁶⁶ Former Vice President Ali Abtahi -- who resigned in mid-2004 to protest the new parliament's "radical" policies -- predicted that Khamenei would not allow them to become too powerful, but rather use them to project an image of

comparative moderation. Crisis Group interview, Tehran, 27 April 2005.

⁶⁷ Abadgaran legislators were highly critical of the government's November 2004 nuclear agreement with the EU. In the words of one, Ahmad Tavakoli, "we agreed to make thirteen precise commitments while the Europeans only made four vague ones". Quoted in *The New York Times*, 17 November 2004.

⁶⁸ See BBC News, 7 March 2005.

⁶⁹ Buoyed by increased oil revenue, parliament has allocated more than \$10 billion to further subsidise bread (\$2 billion), imported gasoline (\$4 billion), and locally produced energy (\$4 billion). According to prominent Iranian economist Jahangir Amuzegar, "Indonesia, with a population of 240 million, has \$5 billion in subsidies. Iran, with a population of 69 million, has \$20 billion in subsidies". Crisis Group interview, Washington DC, 26 July 2005.

⁷⁰ Despite Iran's inadequate domestic mobile phone service, the parliament blocked a \$3 billion deal with Turkish mobile provider Turkcell. See Marc Champion, "Iran, flush with oil cash, seems to cool to foreign investments", *Wall Street Journal*, 8 February 2005.

⁷¹ Crisis Group interview, Tehran, 13 July 2005.

⁷² Following his victory, the IRGC issued a five-year plan emphasising, among others things, a sizeable increase in budget and *basij* recruitment. *Iran Daily*, 26 July 2005.

⁷³ See Bill Samii, "Observers fear militarisation of politics in Iran", Radio Free Europe, 11 April 2005.

⁷⁴ Crisis Group interview with Ali Reza Alavi-Tabar, a former IRGC member turned reformist activist, Tehran, 13 April 2005. As Crisis Group wrote earlier, "the growing sense of national

Created by Ayatollah Khomeini in May 1979 to "protect the revolution and its achievements" and act as a counterweight to the less reliable military, the IRGC is estimated at 125,000 strong.⁷⁵ Iranians generally view it as the most powerful (and intimidating) pillar of the Islamic Republic.⁷⁶ Closely tied to regime hard-liners and perceiving itself as the revolution's vanguard, it is constitutionally barred, as are all members of armed forces, from direct political involvement.⁷⁷ Until his death in 1989, Khomeini more or less enforced this prohibition. But in recent years, the IRGC has become increasingly assertive domestically.⁷⁸ Four presidential candidates were alumni, as are, for example, the head of the broadcast monopoly and more than 100 of 290 *majles* deputies.⁷⁹

A telling example of the IRGC's enhanced clout and economic stake was the May 2004 closing of the new Imam Khomeini International Airport, in which it is assumed to have acted independently of the Supreme Leader.⁸⁰ The IRGC pointed to planned Turkish-Austrian management as an affront to national security and dignity; but while traditionally wary of foreign influence, it likely also sought to embarrass the Khatami government, whose accomplishments the airport was to have showcased, and to set a precedent for the Guards' say on important matters. The IRGC's financial stake in running the airport was another factor. A senior EU diplomat in Tehran called the move "hugely significant. It sent a strong message about who was really in charge, and it involved the IRGC's own economic interests".⁸¹

encirclement has importantly advanced the position of the IRGC and powerful religious foundations...which benefit from political and economic monopolies, are served by a closed and isolated economy, and would be hurt by expanded, liberalised trade". Crisis Group Middle East Briefing N°15, *Iran: Where Next on the Nuclear Standoff?*, 24 November 2005, p. 7.

⁷⁵ Anthony Cordesman, "Iran's developing military capabilities", CSIS, 14 December 2004, at www.csis.org/burke/mb/041208_IranDevMilCapMnRpt.pdf.

⁷⁶ The IRGC was created shortly after the revolution as a counterweight to the regular military, whose loyalty was questionable. See Crisis Group Report, *The Struggle for the Revolution's Soul*, op. cit., pp. 8-9.

⁷⁷ Constitution of the Islamic Republic, Article 141.

⁷⁸ This has not been to the detriment of its international activities. The IRGC is reported to play an important role in the nuclear program, Iraq, policy toward the U.S., and support for foreign militant groups.

⁷⁹ The other presidential candidates were former IRGC head Mohsen Rezaii, Larijani, and Ghalibaf.

⁸⁰ It reopened in 2005 amid reports that construction was incomplete and safety wanting. See "Iran's new airport in safety fear", BBC News, 3 May 2005.

⁸¹ Crisis Group interview, Tehran, 6 June 2005.

Anxiety about the militarisation of politics may be exaggerated; the IRGC is unlikely to exercise autonomous decision-making and remains subservient to the Supreme Leader. What is less doubtful, however, is the increased confluence of interests between Khamenei and the Guards, a relationship politically expedient for the former and economically beneficial for the latter.⁸² IRGC-controlled front companies are more and more active in major economic sectors, notably telecommunications and trade. The IRGC also is thought to control over 70 ports, earning hundreds of millions of dollars from tax-free import/export.⁸³ An Iranian importer of security products told Crisis Group that rather than go through official channels (where the tariff is 35 per cent), he partners with IRGC-controlled importers who charge only 8 per cent. "I don't like dealing with them but if I want to operate a successful business I have no other choice".⁸⁴ Like the powerful religious foundations (*bonyads*) the IRGC stands to gain from an insular, closed economy and, indeed, from heightened international tensions.⁸⁵

IV. INTERNATIONAL IMPLICATIONS

A. HOW MUCH INFLUENCE WILL THE NEW PRESIDENT HAVE?

On election eve, many Western observers -- particularly in the U.S. -- argued that a Rafsanjani or even reformist victory would not make much difference. As Khatami's frustrating eight years in office showed, decisions ultimately rested with the Supreme Leader and other unelected officials and they were not about to change.⁸⁶

⁸² "The Right is weak in terms of popular support, but it shows its strength by being backed by thousands of revolutionary guards". Crisis Group interview with Ali Reza Alavi Tabar, Tehran, 13 April 2005.

⁸³ See, "The Revolutionary Guards are back", *The Economist*, 17 June 2004.

⁸⁴ Crisis Group interview, Tehran, 6 April 2005.

⁸⁵ "Many of them [IRGC] don't want to see the country open up. They fear that in a different system the competition from people with proper education and expertise could end their racket. This is not about ideology. They have serious financial interests at stake". Crisis Group interview with Iranian businessman, Tehran, 28 October 2004.

⁸⁶ Dismissing the election's significance, President Bush asserted: "Iran is ruled by men who suppress liberty at home and spread terror across the world. ...Power is in the hands of an unelected few who have retained power through an electoral process that ignores the basic requirements of democracy". BBC News, 16 June 2005. Patrick Clawson, Middle East analyst at the Washington Institute for Near East Policy, put it plainly: "When Iranians go to the polls to elect a new president, the vote will almost certainly be free, competitive, and fair."

On critical issues such as the nuclear program, therefore the election was not expected to be a turning point. Paradoxically, once Ahmadi-Nejad won, many of those voices expressed alarm at a threatened rightward foreign policy shift.⁸⁷

These contradictory reactions -- positing the relevance of a presidential position not long ago dismissed as unimportant -- reflect the challenges of assessing how decisions are made in an opaque system with plural power centres that enjoy shifting degrees of influence. Iran's foreign policy is a complex exercise in balancing, where decisions appear to be made by a small group of senior officials who are both relatively insulated from, and yet reflect, alterations in formal institutional structures (e.g., as a result of elections or personnel changes) and broader regional and international conditions. Even prior to Ahmadi-Nejad's victory, the interaction of rising tensions with Washington and the U.S. presence in neighbouring Iraq and Afghanistan on the one hand, and the growing role of the IRGC, *basij*, and the Abadgaran on the other, had led to a discernible shift toward harder-line positions.⁸⁸

In other words, although Ahmadi-Nejad will not have a decisive voice in Iran's foreign policy,⁸⁹ his election, formation of a new government, replacement of key officials and strengthening of the IRGC, *basij*, and the Abadgaran will all help shape the balance of power, particularly if the regional situation remains tense. The change will not be spectacular -- the Supreme Leader, the reflection of regime consensus, has a "survivalist mentality that will lead him to try to preserve the status quo"⁹⁰ -- but the centre of gravity likely will move toward the harder-line faction and a more confrontational

approach. Abadgaran members of the *majles*, for example, are prone to belligerent statements.⁹¹

But overall, and unlike Khatami who began by reaching out to the West, Ahmadi-Nejad has displayed little foreign policy interest. A newcomer to the diplomatic stage, he will bring a different, less sophisticated and, presumably, less conciliatory approach than his predecessor. However, he and his Abadgaran colleagues have little international experience. As members of the Tehran city council or *majles*, they largely avoided contact with EU diplomats.⁹² During the campaign, he focused almost exclusively on domestic issues; when foreign affairs came up, he studiously adhered to well-worn official pronouncements and generalities.

B. PREDICTING IRAN'S FOREIGN POLICY

For Europeans in particular, the election caused considerable consternation. For them, in a way, the issue was less what Ahmadi-Nejad will do than what their preferred candidate, Rafsanjani, might have done. Rafsanjani, they believe, might have brokered an acceptable nuclear deal⁹³, appeared interested in improving relations with the U.S. and, even -- though less clearly -- in altering Iran's stance toward the Middle East peace process.⁹⁴

It will also be a joke...a real race for a meaningless post". "Empty gesture", *The New Republic*, 17 June 2005.

⁸⁷ Patrick Clawson: "While the war generation's [Ahmadi-Nejad's] approach to domestic politics will be a tragedy for Iranians, it is the generation's foreign policy that will isolate Iran even more". "Next generation", *The New Republic*, 30 June 2005.

⁸⁸ See Crisis Group Briefing, *Where Next on the Nuclear Standoff?*, op. cit., pp. 10-11.

⁸⁹ Outgoing Foreign Minister Kharrazi told EU ambassadors: "Our macro policies are outlined by the Supreme Leader, and the government is obliged to implement them. Therefore, some worries about changing those policies are baseless. The new government, like Khatami's government, will follow the same route...Khatami's government has always insisted that the use of peaceful nuclear technology is Iran's obvious right". Reuters, 12 July 2005.

⁹⁰ Crisis Group interview with foreign policy adviser to senior regime officials, Tehran, 25 June 2005.

⁹¹ The parliament began its first day in May 2004 with chants of "Death to America" and "Death to the occupiers of Iraq", which Abadgaran parliamentarian Mehdi Kouchakzadeh said would "attract attention to the main task of the parliament". Reuters, 27 May 2004.

⁹² Crisis Group interviews with EU diplomats, Tehran, March-July 2005. During his mayoral tenure, Ahmadi-Nejad refused to meet with the British Ambassador. *The Guardian*, 27 June 2005. An EU diplomat who met with him described him as "uninterested in talking". Crisis Group interview, Tehran, 21 June 2005. Hadian, his childhood friend, conceded that "he needs to master international relations. This is one of his most important shortcomings". Crisis Group interview, Tehran, 7 July 2005.

⁹³ Although phrasing it rather vaguely, Rafsanjani aides suggested a willingness to forsake an indigenous enrichment capacity if Iran was given appropriate technology. According to Mohammed Atrianfar, a key aide, "Hashemi [Rafsanjani] will cooperate with Europeans on stopping uranium enrichment but he will keep the right to have the technology and also actually strengthen our know-how by acquiring it from the world. At the same time we will also acquire other achievements, we will bring back to life our scientific relations with the USA...The IAEA will help us in technology though we will be completely controlled by them in the practical side". Notes of interview with Thomas Erdbrink of *NRC Handelsbad* (Holland) provided to Crisis Group, 4 June 2005.

⁹⁴ Prior to the elections, Rafsanjani aides intriguingly suggested to Crisis Group he was prepared to alter Iran's

Part of this might have been wishful thinking. Even assuming he would have been willing to make dramatic changes, Rafsanjani probably would not have had the capacity to do so. This is particularly true on the sensitive nuclear file where the current position -- insistence on the right to develop a peaceful nuclear energy program, including the right to an indigenous enrichment capacity -- almost certainly reflects the regime's bottom line, inconsistent with the stated EU, let alone U.S., stance. Khatami, who began his presidency by praising "the great people of America" and urging a "dialogue among civilizations", concluded with a warning that Iran will turn into a "burning hell" for any aggressor and "will resume [its uranium] activities in Isfahan regardless of what the Europeans decide".⁹⁵

That said, Rafsanjani would have been more influential than Ahmadi-Nejad, at least at the outset, with a power base relatively independent of the Supreme Leader.⁹⁶ His more conciliatory outlook might have made a difference particularly on the nuclear issue. Based on what his advisers said, a Rafsanjani presidency might have advanced creative proposals -- for example, agreeing to a small enrichment capacity and under strict international surveillance,⁹⁷ or (as detailed by Crisis Group) joint Iranian/international management of nuclear sites.⁹⁸ This does not necessarily mean a deal would have been struck -- an EU official said even a small pilot program would be "unacceptable" because it would put Iran on the path

stance on Israel/Palestine. "We wouldn't recognise Israel but would adopt a non-belligerent approach similar to Pakistan's policy". Crisis Group interview with Mohammed Atrianfar, Tehran, 27 May 2005.

⁹⁵ IRNA, 10 February 2005; *Los Angeles Times*, 28 July 2005.

⁹⁶ Atrianfar spoke of Rafsanjani's unique position, telling Crisis Group: "Hashemi will inform the leadership of the actions and objectives of all of these hard-line radical groups who gain their power from the Leader and will confront them through the Leader. It is possible the Leader will not accept what Hashemi says to him but who can inform and convince him that these groups are abusing him better than Hashemi? He alone can challenge the Leader, negotiate with him, discuss it heatedly on the same level as the Leader. On previous matters this has occurred. This happened, for example, on the nuclear matter. The Leader's view was different, but Hashemi managed to inform him of the reality and what was going on so he eventually advocated the same stand. Other people can't do this. They meet the Leader and agree with whatever he says". Notes from Erdbrink interview, op. cit.

⁹⁷ Rafsanjani aide Mohammed Atrianfar suggested a small uranium enrichment pilot program under international supervision as a possible compromise; this would allow Iran to claim it had resumed uranium enrichment while providing guarantees. Crisis Group interview, Tehran, 27 May 2005.

⁹⁸ See Crisis Group Briefing, *Where Next on the Nuclear Standoff?*, op. cit.; Crisis Group Middle East Report N°18, *Dealing with Iran's Nuclear Program*, 27 October 2003.

of mastering the full fuel cycle⁹⁹ -- but the prospect of even raising such proposals now appears less likely.

During the campaign, Ahmadi-Nejad insisted on the need for Iran to preserve its dignity and downplayed the urgency of improved relations with the U.S. While he stressed the conventional position that Iran had an inalienable right to "peaceful nuclear technology",¹⁰⁰ many of his allies went further, defying the U.S. to bring the matter to the Security Council or urging withdrawal from the Nuclear Proliferation Treaty.¹⁰¹ The new president himself accused Iran's negotiators of being "frightened" during talks with the EU.¹⁰² An early indicator will be selection of key advisers and the nuclear negotiation team. There have been insistent reports that he will replace the chief negotiator, Hassan Rowhani, a Rafsanjani ally¹⁰³ and the future of the team's other members -- UN Ambassador Javad Zarif, Mohammed Hossein Moussavian, and Sirous

⁹⁹ Crisis Group interview, Tehran, 10 June 2005.

¹⁰⁰ "Acquiring peaceful nuclear technology is the demand of the whole Iranian nation, and the rulers as representatives of the people must put all their efforts into realising this demand". Reuters, 26 June 2005.

¹⁰¹ Abadgaran parliamentarian and former IRGC member Mehdi Kouchakzadeh said: "If the IAEA gives in to U.S. pressure, we will react strongly to defend Iran's national interest....As a lawmaker, I think Iran has to stop cooperation with [the] IAEA and seriously consider withdrawing from [the] NPT". *The Washington Post*, 14 June 2004. In November 2004, on the eve of the Iran-EU agreement, the *majles* unanimously passed a bill calling for resumption of enrichment. *The New York Times*, 1 November 2004.

¹⁰² "Those who are in negotiations are frightened and do not know the people....A popular and fundamentalist government will quickly change the country's stance in favour of the nation". Reuters, 26 June 2005. This view stems from a conviction that any punitive action will be vetoed by China and/or Russia. According to an editorial in *Keyhan*, the daily aligned with Khamenei, "if Iran's dossier is sent to the UN Security Council, the whole path in front of the West to solve this case peacefully will be blocked. No consensus will be reached regarding sanctions on Iran. China has huge economic contracts with Iran in the energy field. Russia considers Iran as its strategic economic partner. If Iran's dossier is sent to the UN Security Council, it will be no cause for fear. There is no news there. In that case we can resume our postponed activities". *Keyhan*, 19 June 2005. Further insight into Ahmadi-Nejad's outlook is provided by a top adviser, Tehran city council chief Mehdi Chamran. Referring to Iran's negotiations with the EU, he told Crisis Group: "We don't have any expectations from the Europeans except that they open their eyes and look realistically at the issue and not be influenced by Zionists. What worries us is that European countries will lose their independent way of thinking under pressure from the U.S. If they don't have a realistic view of the issue, they will lose their advantages. Crisis Group interview, Tehran, 13 July 2005.

¹⁰³ EU diplomats warned that "Rowhani's departure would be a very bad signal". Reuters, 6 July 2005.

Nasseri, all praised by EU counterparts and also seen as close to Rafsanjani -- is in doubt.¹⁰⁴ EU diplomats reacted sombrely to Ahmadi-Nejad's victory, predicting that negotiations "likely will fail"¹⁰⁵ and "it is very, very difficult to see this ending anywhere but in the Security Council"¹⁰⁶ -- a forecast given additional weight by President Chirac's subsequent warning.¹⁰⁷

However dim the prospects of rapprochement with Washington, Ahmadi-Nejad's election have made them dimmer still. Of the candidates, Ahmadi-Nejad alone did not broach the topic during the campaign. Since his victory, he has been dismissive, saying "relations with the United States are not a cure for our ills",¹⁰⁸ and "Iran is on a path of progress and elevation and does not really need the United States on this path".¹⁰⁹ Chamran, his adviser, flatly remarked: "Bush shouldn't speak with us. Every time he talks, he adds to the wall of mistrust between us that they have already built. There is no logic behind what they say about Iran, and they know that there is no logic behind this. It's just propaganda".¹¹⁰ Unlike Rafsanjani, who deemed relations with the U.S. a "necessity",¹¹¹ the new president sees more threat than opportunity: "The U.S. administration cut off ties unilaterally to lay waste to the Islamic Republic... They want to restore them today for the same reason".¹¹² Again, the point is that Ahmadi-Nejad will not be a counterweight to the Supreme Leader's worldview, but rather a validator. As an adviser to the regime put it,

The question of dialogue with the United States is now completely in the hands of the Supreme Leader for whom it is a personal issue. He wants the Americans to accept the Islamic Republic and its constitution as a prerequisite.¹¹³

Rather than look to the West, Iran is likely to enhance partnerships with China, India, and South Korea, a pattern already begun.¹¹⁴ With growing energy needs and fewer qualms about Iran's nuclear program or human rights record, China and India in particular are counterweights to the U.S. and EU and potential allies in the event of an effort to isolate Tehran.¹¹⁵ As Tehran mayor, Ahmadi-Nejad avoided important European capitals while visiting Shanghai, Beijing, and Tokyo.¹¹⁶

On other issues too, the pendulum may swing toward more hard-line elements, with the president and his institutional allies reinforcing each other during regime debates. The rhetoric used by Ahmadi-Nejad and his allies on Israel, for instance, is often inflammatory, with frequent references to "Zionist influence" on the West.¹¹⁷ Moreover, and as previously noted, Ahmadi-Nejad's close IRGC ties arguably will further strengthen their influence at the expense of the more pragmatic foreign ministry. This may prove of particular relevance with regard to support for militant groups in Palestine, Lebanon and, most recently, Iraq.¹¹⁸

asserts: "Opposition to the United States wasn't a fundamental tenet of our revolution, and we've never said we want to maintain this antagonism indefinitely. We eventually want to have this problem solved. But the major problem lies in Washington, not Tehran. They don't know what they want. We see so many contradictory signals: threats of a military attack, talk of regime change, isolationism, economic incentives, and so forth". Crisis Group interview, Tehran, 23 April 2005.

¹¹⁴ See Crisis Group Briefing, *Where Next on the Nuclear Standoff?*, op. cit., p. 11. For Bijan Khajepour, director of Atieh Bahar consulting, "Khamenei distrusts the U.S. and thinks we should instead look to the East, to places like China and South Korea". Crisis Group interview, Tehran, 20 June 2005.

¹¹⁵ In the aftermath of the \$70 billion oil and natural gas deal with China, there is talk of a possible \$4 billion dollar, 1600-mile natural gas pipeline from Iran to India, via Pakistan. The U.S. has opposed the project. George Perkovich and Revati Prasad, "A pipeline to peace", *The New York Times*, 18 April 2005.

¹¹⁶ Crisis Group interview with Nasser Hadian, Tehran, 13 July 2005.

¹¹⁷ Many Iranian reformists, although highly critical of Israel's treatment of the Palestinians, have disagreed with Iran's uncompromising stance. According to Ali Reza Alavi Tabar, a one-time adviser to Khatami: "We need to reinvent ourselves. Instead of chanting 'death to Israel' we should be saying 'long live Palestine'. Khomeini once said that the Palestinian issue is of primary importance first to Palestinians, second to Arabs, and only third to Iranians. We needn't be more Palestinian than the Palestinians themselves". Crisis Group interview, Tehran, 13 April 2005. Practically speaking, however, the reformists' views do not appear to have had an impact on Iran's policies under Khatami.

¹¹⁸ For a discussion of the IRGC's role in Iraq, see Crisis Group Middle East Report N°38, *Iran in Iraq: How much influence?*, 21 March 2005, p. 14.

¹⁰⁴ Crisis Group interviews, Brussels, 30 May 2005.

¹⁰⁵ Crisis Group interview, Tehran, 3 July 2005.

¹⁰⁶ Reuters, 15 July 2005.

¹⁰⁷ "I hope that [the European negotiations with Iran] will succeed and eliminate the danger of the proliferation of nuclear weapons... If this does not prove to be the case, it will, of course, be necessary to transfer the handling [of the Iranian problem] to the UN Security Council". *Haaretz*, 22 July 2005.

¹⁰⁸ Reuters, 26 June 2005.

¹⁰⁹ See Agence France-Presse, 20 July 2005.

¹¹⁰ Crisis Group interview, Tehran, 13 July 2005.

¹¹¹ Crisis Group interview with Rafsanjani aide Mohammed Atrianfar, Tehran, 27 May 2005.

¹¹² Agence France-Presse, 25 June 2005.

¹¹³ Crisis Group interview, Tehran, 25 June 2005. How hostile Khamenei is to a U.S. rapprochement is debated in Iran. For Mohammed Ali Abtahi, a former Vice President under Khatami, he is "opposed to the idea of a normalisation" because it would deprive him of a useful scapegoat. Crisis Group interview, Tehran, 28 April 2005. Abbas Maleki, former deputy foreign minister and foreign policy adviser to the Supreme Leader,

This mixed assessment of Iran's future foreign policy -- more hard-line than hoped, less hard-line than feared -- appears to be shared by foreign ministry officials. Acknowledging they would have preferred Rafsanjani as both "more experienced" and more inclined to repair relations with the U.S., few seem deeply concerned that major changes are afoot, believing in the inertia of institutional decision-making and post-revolutionary pragmatism.¹¹⁹ In the words of a senior, Western-based Iranian diplomat, "what Ahmadi-Nejad's camp is saying publicly and what they really plan on doing are two different things. Their policies will not be radical; they can't afford them to be".¹²⁰

V. CONCLUSION

In the short run at least, and although there is more reason to predict continuity than radical change, Ahmadi-Nejad's surprise election is likely to aggravate tensions between Tehran and the West. The new president is dismissive of engagement with the U.S. and his victory strengthened those within the U.S. administration who have long held that nothing good could come from engagement.

But although both sides might take short-term comfort from continued estrangement, the posture is unsustainable. On at least two burning issues -- Iraq and the nuclear question -- the U.S. and Iran must deal with each other, collide or both. Ahmadi-Nejad's election may diminish whatever slim appetite existed in Washington for engaging, but with the situation in Iraq as bad as it is and the government in Baghdad increasingly reaching out to Tehran, the necessity of direct or indirect coordination will only become greater. Even with enhanced regional cooperation, in particular from Tehran and Damascus, the U.S. will continue to face a resilient insurgency and a tenuous Iraqi political process; without it, the tasks will be far harder still. So long as relations with the U.S. are unchanged, "Iran is likely to view events in Iraq as part

of its broader rivalry with -- and heightened suspicion of -- the U.S".¹²¹

Likewise, the election may increase prospects of a breakdown in EU/Iranian nuclear talks, but under any conceivable scenario Washington will face difficult choices and the need to recalibrate its policy. The EU may ask the U.S. to offer more tangible incentives to Iran before it concludes negotiations are stalemated; should the matter be referred to the Security Council, Russia or China could make the same demand or simply block action; should international action be taken to pressure Iran (for example, sanctions), there is no certainty the nuclear program would be slowed; and should Iran continue its efforts, the U.S. would face the uncomfortable dilemma of seeking a negotiated or military solution. Simply put, the absence of U.S. engagement will make chances for a real nuclear resolution -- remote as they are in any event -- nil. "If Iran is prepared to trade away military ambitions, only the U.S. can give it the political, economic or security compensation that it wants; and if Iran is not prepared to deal, then only rejection of a good faith U.S. offer will persuade the world".¹²²

The U.S. may simply prefer to wait, convinced this regime is unworthy of being dealt with and banking on increased popular disaffection and, eventually, regime change to resolve its problems. It is a position that, at first blush, the election did little to erode and likely strengthened. Disqualification by an unelected body of hundreds of candidates, including all women, coupled with apparent first round irregularities, confirmed in U.S. eyes the regime's nature.¹²³ The new president's background, his IRGC, *basij* and Abadgaran ties, and the pronouncements of many of his allies hardened perceptions in Washington.

Unsurprisingly, U.S. officials dismissed the entire electoral exercise, arguing it had been rigged from the

¹¹⁹ Crisis Group interviews, Tehran, June-July 2005.

¹²⁰ Crisis Group interview, 22 July 2005. A man often mentioned as likely to assume a top foreign policy post, Ali Larijani -- a close Khomeini adviser -- has hinted at some possible changes: "The principles [of our foreign policy] cannot change, but several sectors must change from a tactical point of view....We must be able to react more quickly to developments....For instance, we should have shown a much more forceful and rapid reaction to the flurry of articles in the Western press that insulted our new president....We must [also] take the initiative....In Iraq, for example, others want to change the situation in the region, and in the Muslim world and elsewhere too. In all these areas, I think it is imperative that we gain the initiative". *Jam-e Jam* television interview with Ali Larijani, 21 July 2005.

¹²¹ Crisis Group Report, *Iran in Iraq*, op. cit., p. ii.

¹²² Crisis Group Briefing, *Where Next on the Nuclear Standoff?*, op. cit., p. 1. Suspicion of U.S. intentions is deep. Former Deputy Foreign Minister Abbas Maleki, an adviser to the Supreme Leader, explained: "It is more than our policy toward Israel. Even if we accept Israel, the U.S. will find another excuse to antagonise us. They want hegemony over us, they want oil concessions, they want control over our territory. Tehran was the centre of CIA activity prior to the revolution, and the U.S. wants to go back to those times". Crisis Group interview, Tehran, 23 April 2005.

¹²³ Reacting to these criticisms, Mehdi Chamran caustically remarked: "Mr. Bush expects Iran to have 1,100 candidates [the initial number of applicants] for president. Does anyone in his right mind believe this? We all know in the U.S. it is a race between two people. Why is Iran held to a different standard?". Crisis Group interview, Tehran, 12 July 2005.

start and put in place a leader inherently hostile to American interests and likely to be rejected by its people.¹²⁴ As a U.S. official put it,

Ahmadi-Nejad's election has only hardened the existing viewpoint that this regime is beyond redemption and by engaging it we would be legitimising it. There's a sense among many that the regime is ripe for revolution, that there's a deep sense of disillusionment. And, yes, some do believe that the regime could quickly collapse.¹²⁵

But to form policy on the basis of such a development in the foreseeable future is a risky bet that virtually nothing in Iran appears to validate. The election carried important messages:

- Iranians' aspiration for greater social freedom is undiminished but their overriding concern is economic. Despite serious flaws, the election presented voters with real options, and they made a choice. Christopher de Bellaigue, an astute observer of the scene, remarked that, while far from "exemplary", the election offered candidates from ultra-conservative to reformist, and "the result was the most pluralistic election campaign in Iran's history", with "a wide range of views and a wide range of votes".¹²⁶ The message from Ahmadi-Nejad's victory and Karroubi's strong first round performance was clear on one count at least: for most Iranians, economic hardship is primary, and other issues await their turn. The candidate they preferred did not promise socio-political reform, but more economic fairness.

- For now, there is no organised movement that can channel popular frustration toward effective opposition politics. The election was a further blow to a reform movement that has lost support and already was in considerable disarray. Ahmadi-Nejad's victory may ultimately energise the opposition and end the division between reform-oriented insiders (*khodi*) and outsiders (*ghayr-e khodi*).¹²⁷ Following his defeat, Karroubi resigned from his positions in the Expediency Council and as adviser to the Supreme Leader and established an opposition political party, the National Trust (*Hezb-e Etemaad-e Melli*); he also plans a London-based satellite TV network.¹²⁸ Moin also has vowed to work with nationalist and secularist groups in the Front for Democracy and Human Rights (*Jebhe Demokrasi va Hughughe Bashar*). Even Rafsanjani, the quintessential insider, is trying to project himself as an outsider and supported establishment of the carefully named Islamic Moderation Front (*Jebhe-ye Etedal-e Eslami*). But fundamental restructuring, however necessary, will come slowly, and there are scant indications of popular unrest. Since the 2003 student-led protests, Iranians have evinced little interest in activism, let alone real organised political protest.¹²⁹

Even before the election, reform activist Ali Reza Alavi Tabar offered a sombre assessment:

I joke with my students that they are bourgeois revolutionaries. They want to change the government but they're afraid of confrontation. I'm against bloodshed, but a crowd of 500 *basij* shouldn't be able to intimidate a group of 5,000 students. I tell them when I was seventeen revolting against the Shah, I figured myself Che Guevara in the Sierra Madre. We were ready to sacrifice ourselves for the cause, for Islam. But they are not organised and are too easily discouraged. They thought by gathering a few thousand people and chanting slogans and honking the horns of their cars they could bring down the government. I tell them, "you need to organise a crowd of 100,000 people to remove the mayor [of Tehran], 1 million to remove the president, and 10 million to remove the Supreme Leader. Are you ready to do that?"¹³⁰

¹²⁴ Secretary of State Rice said: "From our point of view, from the very beginning, an election that took place with an unelected few having decided who could run, with thousands of people having been disqualified, with women having been disqualified altogether, I find it hard to see how this election could certainly contribute to the sense of legitimacy of the Iranian Government...I just don't see the Iranian elections as being a serious attempt to move Iran closer to a democratic future, by the way, for people who deserve a democratic future because they have consistently demonstrated their interest in greater democracy". ABC News, 19 June 2005. On election eve, President Bush released a statement saying, "Iran's rulers denied more than 1,000 people who put themselves forward as candidates, including popular reformers and women who have done so much for the cause of freedom and democracy in Iran". BBC News, 16 July 2005. The Iranian regime saw utility in this statement, replaying it incessantly and citing it as the U.S. president's call not to vote. Crisis Group observed that this motivated some Iranians to vote.

¹²⁵ Crisis Group interview, Washington, 29 July 2005.

¹²⁶ De Bellaigue, op. cit.

¹²⁷ See Afshin Molavi, "Iran: Speak your mind if you can", *The Globalist*, 1 November 2002.

¹²⁸ Behruz Seedi, Roozonline, 19 July 2005.

¹²⁹ For further discussion see Crisis Group Briefing, *Discontent and Disarray*, op. cit.

¹³⁰ Crisis Group interview, Tehran, 13 April 2005.

Popular fear of chaos and instability, if anything bolstered by events in Iraq;¹³¹ an absence of political organisation and credible opposition leaders, at home or abroad;¹³² general disillusionment with things political; and the regime's harsh but judicious anti-dissent policy¹³³ significantly diminish the likelihood of an Iranian version of "velvet" or "orange" revolution. In the words of an EU diplomat, "the regime's principal strength lies in the fact that for now there is no alternative".¹³⁴

¹³¹ Reformists such as Ali Reza Alavi Tabar caution against precipitous, forceful attempts at regime change. "We have to be careful about getting too radical. It could provoke further militarisation, even a military regime". Crisis Group interview, Tehran, 18 April 2005. According to former Khatami Vice President Abtahi, "an abrupt change would be worse, it would bring about militarisation, a police state". Crisis Group interview, Tehran, 27 April 2005.

¹³² An Iranian activist explained opposition ineffectiveness: "In Serbia's revolution the domestic opposition's ability to enlist supporters from within the government was pivotal. In Iran, the undemocratic nature of the exiled opposition discourages defection from within...key centres of power. The regime's grip will remain unchallenged unless a truly democratic opposition emerges that through its actions reassures the public regime change will not entail the lawlessness and indiscriminate revenge killings that followed the 1979 revolution. People need to know they will not be targeted by the incoming regime. The exiled opposition has failed to provide such assurances". Crisis Group interview, Washington, 7 March 2005. A secular Tehran intellectual strongly opposed to the government agreed: "One of the opposition's biggest mistakes is they haven't co-opted the disaffected within the regime. This was a key facet of political transformation in Eastern Europe. But the Los Angeles opposition is completely inept. They even attack people like me for being 'puppets of the regime'". Crisis Group interview, Tehran, 11 April 2005.

¹³³ The regime avoids mass arrests, instead targeting individuals deemed capable of mobilising others, such as bloggers or Akbar Ganji, the well known investigative journalist, who has been imprisoned since 1999 and who is now engaged in a life-threatening hunger strike. See BBC News online, 22 February 2005.

¹³⁴ Crisis Group interview, Tehran, October 2004. At least some U.S. diplomats read events in Iran in the same light. "The elections should lead to a fundamental U.S. rethink as to what is going on. The old story that the young, female intellectuals and middle-class were leading agents for change towards a more democratic system has lost credibility". Crisis Group email exchange, 25 June 2005. That comment, of course, is not entirely fair with respect to the activity of women and other dedicated groups in civil society who are working for reform. In the week before the first round of the presidential election, for example, women NGO's organised a public demonstration on behalf of a constitutional amendment that would allow them to run for president. Nazila Fathi, "Iranian women deny authority to protest sex discrimination", *The New York Times*, 13 June 2005. Earlier that month, a group of women in Tehran openly defied a ban on attending soccer matches. Karl Vick, "At a

The U.S. faces difficult dilemmas and the necessity of tough trade-offs. By eschewing diplomacy, maintaining pressure on Tehran and seeking to isolate the regime further, the U.S. hopes to weaken it -- what it calls a strategy of "delegitimation"¹³⁵-- and, over time, embolden its opposition. Yet by doing so, it diminishes chances of greater Iranian cooperation on Iraq and of serious exploration of a nuclear deal beyond what already is on the table,¹³⁶ without necessarily getting any closer to its regime change objective.¹³⁷

For Washington, Ahmadi-Nejad's victory has made engagement with Iran even less appealing. But none of the fundamentals have changed: the regime is not about to collapse; it holds pivotal cards on at least two issues of vital interest to Washington and the wider international community; and any chance there is of modifying Iran's behaviour will come, if at all, by discussing its security concerns.

Tehran/Brussels, 4 August 2005

soccer match, women kick Iran's ban to the curb, *The Washington Post*, 9 June 2005.

¹³⁵ Crisis Group interview with U.S. official, Washington, 29 July 2005.

¹³⁶ As Crisis Group noted, carrots offered by the U.S. -- lifting opposition to Iran's candidacy for the World Trade Organisation and its obtaining aircraft spare parts -- are a good but insufficient start if the object is to test Tehran's intentions, let alone produce real change. Crisis Group Report, *Iran in Iraq*, op. cit., p. ii.

¹³⁷ Iran's most prominent human rights and democracy activists are virtually unanimous in arguing that a policy of isolation will not work and that Washington needs to rethink its approach. See, Shirin Ebadi and Hadi Ghaemi, "The human rights case against attacking Iran", *The New York Times*, 8 February 2005.

APPENDIX A MAP OF IRAN



APPENDIX B

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Crisis Group'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, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

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The Crisis Group Board -- which includes prominent figures from the fields of politics, diplomacy, business and the media -- is directly involved in helping to bring the reports and recommendations to the attention of senior policy-makers around the world. Crisis Group is chaired by Lord Patten of Barnes, former European Commissioner for External Relations. President and Chief Executive since January 2000 is former Australian Foreign Minister Gareth Evans.

Crisis Group's international headquarters are in Brussels, with advocacy offices in Washington DC (where it is based as a legal entity), New York, London and Moscow. The organisation currently operates sixteen field offices (in Amman, Belgrade, Bishkek, Dakar, Dushanbe, Islamabad, Jakarta, Kabul, Nairobi, Port-au-Prince, Pretoria, Pristina, Quito, Seoul, Skopje and Tbilisi), with analysts working in over 50 crisis-affected countries and territories across four continents. In Africa, this includes Angola, Burundi, Côte d'Ivoire, Democratic Republic of the Congo, Eritrea, Ethiopia, Guinea, Liberia, Rwanda, the Sahel region, Sierra Leone, Somalia, Sudan, Uganda and Zimbabwe; in Asia, Afghanistan, Indonesia, Kashmir,

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