



## Policy Brief

# Iran: a limited opposition movement and a chronic regime crisis

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**The accelerating change of the protesters' slogans from economic to political implies that the legitimacy of the Islamic Republic is continuously eroding. [Anadolu]**

Since 28 December 2017, Iran has witnessed a popular opposition movement that spread within a few days from the city of Mashhad to tens of other cities and towns. At the beginning, the movement appeared to be protests carrying economic demands, and contesting rising living standards and the spread of corruption among state institutions and the ruling establishment. However, soon after, the protesters raised political slogans clearly attacking the president, the Supreme Leader, other official figures and the regime as a whole.

Iranian security forces showed clear intentions of self-restraint. Therefore, only 24 deaths were reported during the first week of demonstrations, mostly protesters. However, despite the spread of the protest movement, it remained limited in its effect and ability to challenge the regime.

The opposing popular movement surprised the ruling regime in the Islamic Republic and observers of Iranian affairs in the region and Western capitals. Iranian officials' statements about the popular movement ranged from attempts to contain or denounce them to accusations of treason. Outside of Iran, neighbouring countries had varying positions, as did main powerful countries.

So, what is the nature of this movement and why do protest movements in Iran usually develop into political opposition movements against the Islamic Republic? Can Iran's winter movement pose a threat to the existence of the republic? And if the movement does not grow to pose an existential threat to the Republic of the Guardianship of Islamic Jurist (Vilayat-e Faqih), what type of effect will it have on the relationship between the regime and its people and on the regime's policies in general?

### **The movement's roots**

This episode of Iranian popular movement was sparked by a small local incident. Iran has seen tens of similar incidents during the past ten years that did not spread to the rest of the country. According to Iranian sources, the main reason behind these protests was the loss of a number of families in the northern city of Mashhad of their bank deposits and purchase premiums of residential properties after one of the city's banks announced its sudden bankruptcy. However, the events witnessed by Mashhad, a conservative city regarded as a key Shiite religious centre, soon reached tens of other cities and towns. It was clear this spread was spontaneous and was not the result of any organised planning. Some Iranian sources mentioned that the first calls for protests circulated through Telegram, an app that is popular in Iran, came from fundamentalist circles and accounts linked to the former president, Mahmoud Ahmadinejad. The protests also won the approval of Ayatollah Ahmad Alamolhoda, Friday prayer leader in Tehran.

Whatever the direct reasons for the protest movement and whoever the parties behind them may be, the protests provoked initially suspicions that they were nothing but a conspiracy by conservative political circles to humiliate the administration of the reformist president, Hassan Rouhani, only months after the start of his second term in office. However, the intensification and expansion of the popular movement rule out the conspiracy theory. Slogans carried by the protesters not only condemned corruption and the government's economic policies and attacked the president, the Supreme Leader, the Islamic Jurist and prominent figures of the regime, but also expressed their rejection of the system as a whole and called for a popular referendum on the existence of the Islamic Republic.

Overall, if bad living conditions sparked the popular movement, surely, economic conditions in Iran are not the best. About six million Iranians (13% of the population) are unemployed; and 800,000 more, mostly university graduates, will join the job market this year. Despite Rouhani's promises during his election campaign to lower inflation rates, the rate jumped from 8.4% to 10% between the end of November and the end of December. Conditions were much worse in 2013 when inflation rates reached 45%, but those were

the days of the sanctions. It is probably time for Iranians to lose confidence in their president and his government.

Before 2015, official discourse blamed international sanctions imposed on the country for the bad economic conditions; and Iranians accepted, with great difficulty, their leaders' excuses for their declining living conditions. However, after the nuclear deal was signed in the summer of 2015, after billions of dollars of Iranian funds withheld abroad were released and after most sanctions were lifted, Iranians waited for over two years to see significant improvements in their living standards. There were no significant changes. In a large oil-producing country, the Iranian people looked with a sense of disbelief at official statistics that indicate a gross deficit in the country's balance of trade, which exceeds five billion dollars.

Iran has capabilities exceeding those of many neighbouring countries that are better off, such as Turkey and Saudi Arabia. It is an oil and gas exporting country and the second largest producer of gas in the world. It also enjoys a large agricultural surplus and is considered a demographically young country with acceptable levels of education. However, a large sector of Iranians believes that the spread of corruption among the ruling "Islamic" circles, ranging from the Supreme leader's family to small state employees, has reached unprecedented levels in the history of the country. It has even exceeded corruption levels in the Shah era. The problem when there is no transparency or institutional accountability is the absence of numbers that reveal the size of corruption in the Iranian economic system. All that is available is information about massive frauds carried out by whichever official after losing his or her political authority and becoming liable for their actions.

Alongside corruption, there is evidence of mismanagement. It is the result of not only the weak bureaucratic structure of the state but also of the raging conflicts between the regime's blocs and various centres of power. Rouhani's government is working on significant economic openness and gradual privatisation. However, the government is unable to reach economic capabilities controlled by certain institutions such as the Revolutionary Guard or institutions affiliated with the Supreme leader's office. In addition, neither Rouhani nor his government can control secret funds spent on Iran's expansionist adventures in Lebanon, Syria, Iraq and Yemen. In other words, while Rouhani's government is aware of the effects of its economic policy on large sectors of the Iranian society and that the economy must be addressed, it lacks the means to contain these consequences before they lead to an explosion. Like the issue of corruption, Iranians are totally unaware of the degree of control state institutions have in the economic sector and the volume of expenditure on foreign policy.

Meanwhile, Iran suffers from massive chaos in spending priorities. As the country was suffering an increasing decline in its infrastructure, the regime adopted a costly secret nuclear programme and a no less costly ballistic missile programme, which may lead to new US sanctions on Iran. In comparison to Turkey, which is working on developing its traditional defence industry and exporting the products of this sector, Iran's economy has not benefited at all from its nuclear and missiles programmes.

### **From the economy to politics**

Like the unrest of 2009, which began as a reaction to allegations of rigging presidential elections that gave ex-President Ahmadinejad a second term in office, the latest popular movement developed from an economic protest to one that raised radical political slogans calling for an end to the Islamic Republic's regime. It seems that this quick change from demands-based slogans to political ones is the most dangerous problem facing the Islamic Republic's regime, even if it were to contain the popular movement. This is due especially to Ayatollah Ali Khamenei's failure to achieve the social consensus enjoyed by Ayatollah Ruhollah Khomeini, the founder of the Islamic Republic, and Khamenei's old age and lack of a clear and convincing successor.

The accelerating change of the protesters' slogans from economic to political implies that the legitimacy of the Islamic Republic is continuously eroding. It also suggests that the gap between the ruling class and a large sector of Iranians is likely to widen and that the tactic of exchanging roles between conservatives and reformists is not enough to close this gap. In other words, forty years after the founding of the Islamic Republic, the existence of the regime is still questioned by a significant number of Iranians, including those who would like to see a real republic and those who long for the Shahanshahi regime in one way or another. The roots of this problem go back to the Vilayat-e Faqih system, which made for the existence of an authority above that of the people and created a stark contradiction at the core of the Islamic Republic. Iranians actually elect their president and parliament. However, the authority of those are limited and may not contradict the faqih's authority, regarding neither key domestic issues nor issues of defence and foreign policy. The Vilayat-e Faqih system was the only available solution when the republic was established to the crisis facing Shiite political thought on the issue of the state. However, it eventually led to the loss of confidence between the people and their elected leaders. This causes all opposition movements, whether economic or political, to ultimately question the relevance of the existence of the Islamic Republic and the Vilayat-e Faqih establishment.

## Reactions

There is no doubt that the regime's circles were surprised by the popular movement. They were also surprised by its rapid spread from Mashhad to tens of other cities and towns and its shift from economic to radical political slogans. Iranian officials, both reformists and conservatives, had various positions on the movement at its start and until it developed over the next few days.

For example, President Rouhani's speech on the evening of 31 December 2017 was largely reconciliatory as he acknowledged the right of the people to demonstrate and protest peacefully in an attempt to contain the popular movement. He also made it clear that, unlike during the 2009 events, his government issued orders to security apparatuses to exercise restraint. Throughout the movement's first week, the president did not call the Revolutionary Guard or the Basij Forces to the streets. This resulted in a small number of deaths despite the large number of cities and towns that witnessed protests. It seems that the policy of Rouhani's government was to deal with the movement through arrests instead of killings.

Meanwhile, the statements of the commander of the Revolutionary Guard, Mohammad Ali Jafari, on 3 January 2018, were more severe, containing accusations against the United States, the United Kingdom, Saudi Arabia and Iran's rivals abroad. Jafari also did not hide his criticism of Rouhani's government for being reserved with those he described as "the leaders of riots and unrest", and was supported by the chair of the Supreme Judicial Council, who warned the protesters of severe penalties.

At the regional level, all official circles known to have differences with Iran, such as Saudi Arabia, and those allied to Iran, such as Iraq and Hezbollah, remained silent. Saudi silence may be seen as an attempt to distance itself from accusations of interference, despite its pleasure at seeing the internal unrest in Iran. Iran's allies' silence was a result of their surprise and fear of the movement's effect on Iran's regional role and position. However, Turkey, which improved its relations with Iran after the Turkish military coup attempt in 2016, did not hide its sympathy towards the Iranian regime. In fact, President Erdogan called Rouhani during the events and the spokesman of the Turkish government warned external parties from interfering in internal Iranian affairs.

On the international level, the United States was quick to announce its support for the popular movement and denounce Iran's crackdown measures; President Trump even called for the change of the Iranian regime. Despite strong Russian opposition, the United States succeeded in holding a UN Security Council meeting in the evening of 5 January

2018 to discuss the situation in Iran. However, as most of the council members believed that this was an internal Iranian issue with no threats to global security, the meeting did not result in any resolutions or even a press statement. It was clear during the council's discussions that European members did not share the position of their American ally. Although most European countries expressed their concern about the instability in Iran and called on the Iranian regime to respect its people's right to protest, it was clear that these countries feared the possibility that the United States would try to make use of the situation to abandon the nuclear deal or cause damage to its conditions.

### **The nature and possibilities of the movement**

In contrast to the 2009 unrest, which saw the rise of the two radical reformists, Mehdi Karroubi and Mir-Hossein Mousavi, as opposition figures, the current movement has no leading figures whether from the ruling class or the popular opposition sectors. Reports that former President Ahmadinejad had been placed under house arrest on 6 January 2018, if true, cannot be considered proof of his role in the popular movement or that the protesters view him as their leader. Although Ahmadinejad has some sort of support from the Iranian public, especially among the poor and marginalised, it remains limited. Also, most Iranians believe that he is no less responsible for the country's deteriorating conditions than the current leaders.

The movement has no organising body. Furthermore, it does not seem that official accusations that the opposing Mujahideen Khalq Organisation played a role in inflaming the unrest can be justified, especially because this organisation has become external opposition with insignificant presence inside Iran.

What is worth noting is that the movement developed sporadically and that its fuel was the impoverished and unemployed, the working class, students and the lower middle class. The numbers of protesters did not exceed hundreds or a few thousands at each location.

After one week of demonstrations, there is no indication that main powers of the middle class i.e. professionals, business owners and academics have joined the crowds of protesters, whether in Tehran or in other big cities. In Iran, as in most other countries, it would be difficult to form a large popular movement capable of surviving without the participation of the middle class. The middle class opposition is the only force capable of affecting a regime's mechanism, developing an opposing discourse equivalent to that of the regime, and causing disturbance to security forces.

In addition to these structural weaknesses of the current popular movement, there is no doubt that the regime of the Islamic Republic still enjoys the support of a reasonable sector of the Iranian people for ideological or religious reasons, or due to strong relations with ruling institutions and regime circles. Like all the peoples of the Middle East, Iranians are divided on their position on the state and the ruling system. The size of sectors supporting the regime remains large enough to keep it going and protect it. Equally as important is that the Iranian regime possesses means of control unprecedented in the history of the country, not even at the peak of the Shah's regime and the control of the Savak. These means are not restricted to direct suppression, but also include surveillance, control, intelligence, information preservation and propaganda.

This led to a noticeable fall in the momentum of the popular movement in its second week. Starting from the second week, evening protests continued in some Arab, Kurdish and Azari cities. However, the size and severity of the demonstrations decreased; and they practically ended in key cities like Tehran, Isfahan, Qom and even in Mashhad itself where it all started. Nevertheless, this does not mean that the movement will not have a future effect. The first result may be the assertion that the regime's legitimacy is eroding despite its ability to remain and carry on.

Internationally, the protests provide a larger opportunity for the Trump administration to amend the US legislation on the nuclear agreement and perhaps impose sanctions on Iran. However, it is not clear whether the Trump administration, while facing internal difficulties, will be able to convince its European allies to follow a similar path. On the regional level, Iran's Shiite allies will be more humble about their glorification of Iran and claims of it determining the balance of power in the region in its favour.

On the domestic front, Rouhani's government will try to contain the popular opposition and improve the living standards of most of the affected social sectors. However, the movement could weaken Rouhani and make his hold on decision-making even more difficult, especially since there are not enough resources available to respond to the popular demands and there is little room for him to manoeuvre while facing his rivals in the ruling class. Regarding foreign policy, although it would be difficult to imagine Iran giving up its expansionist policies and traditional alliances no matter what the resulting burden may be, they will become more obscure. Additionally, Iran's rivals may become bolder in their raging conflict with the Islamic Republic.