



# EXTENDING HANDS & UNCLENCHING FISTS

*Reorienting Iran's Outlook Beyond the Nuclear Deal*

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## Executive Summary

Upon assuming the presidency in January 2009, Barack Obama told the world that if Iran were willing to unclench its fist, it would find an extended hand of friendship from the United States. Nearly five years later, the election of President Hassan Rouhani in Iran has spearheaded a process in which Obama's stated vision is slowly being carried out in practice.

Contrary to conventional wisdom in Washington, there is little evidence to suggest that the sanctions pressure caused the current opening and the resurgence of the pragmatic forces in Iran. Rather, an unexpected result in the June presidential elections in Iran came about thanks to unprecedented political coalition building and the Iranian people deciding to defy the prospects of a repeat of the 2009 election fraud. Together, this helped catapult to power a team espousing a positive-sum narrative of collaboration with the West who had been pushed to the margins of Iranian politics during the presidency of Mahmoud Ahmadinejad.

After eight years of a hardline narrative in Iran based on confrontation and resistance, Rouhani's team is now leading Tehran with a different narrative that preaches constructive interaction with the world and backs it up with concrete actions like the interim nuclear deal it struck in Geneva. But the pendulum can easily shift again. Hardliners are waiting for Rouhani to fail so they can return to the forefront of Iranian politics. Choices that the West makes today will help define Iran's internal and external outlook going forward.

This study – relying on interviews with senior Iranian officials, intellectuals and businessmen – explains the roots and implications of both narratives in Iran, how the shift in narrative took place, and concrete actions that can be taken (in addition to a comprehensive nuclear deal) to help strengthen the positive-sum narrative that guides the thinking of those favoring an opening with the West.

The report argues that concrete action to fundamentally disprove a core tenant of the hardline narrative – the idea that the West is inherently against the scientific advancement of Iran – will significantly strengthen the positive-sum narrative in ways that facilitate a larger agreement with Iran and help prevent a resurgence of the confrontational policies of the hardliners.

The report proposes seven specific projects – ranging from collaboration on green energy to a high-profile U.S./E.U.-Iran Science Summit – specifically designed to disprove the Iranian hardline narrative, while posing no proliferation risk. For maximum impact, the projects should have the direct involvement or explicit blessing of the E.U. and U.S. governments.





## CHAPTER 1

### Introduction

The historic interim agreement between the permanent members of the UN Security Council plus Germany (P5+1) and Iran over its nuclear dispute is not just about enrichment, centrifuges and breakout capabilities. Ultimately, it will help determine who and what will define Iran's internal and external outlook for decades to come. Will it be the security-oriented, confrontational and internally repressive orientation preferred by the Iranian hardliners? Or will the cooperative, moderate and positive-sum approach favored by President Hassan Rouhani (as well as former presidents Rafsanjani and Khatami, and the majority of the population) take root and prevail?<sup>1</sup> For the U.S. and Europe, this means that a successful nuclear deal can help usher in not just a more cooperative and less threatening Iran, but also one whose domestic political liberalization positively impacts the Middle East as a whole.

But the shift in power in Iran following the election of Rouhani and the interim nuclear deal have by no means cemented a new Iranian outlook. On the contrary, the narrative of Iran's hardliners remains firm and has only temporarily been sidelined. These hardline politicians have in recent years utilized a combustible mix of voter apathy, revolutionary rhetoric, political fratricide, electoral fraud, and repression to solidify their grip on power. Under the auspices of national security, they perpetuated a narrative that claimed threats from abroad required heavy policing at home. Foiling foreign

plots, they asserted, required resistance – a narrative that was empowered by Iran's deteriorating relations abroad and an ever-increasing barrage of sanctions, assassinations and cyber warfare.

We wrote about this narrative and the driving forces behind it in our March 2013 report, *“Never Give In and Never Give Up”*: *The Impact of Sanctions on Tehran's Nuclear Calculations*. Perhaps most importantly, our report pointed out that no counter-narrative within the Iranian elite was capable of challenging the hardliners narrative at that time. This was the consensus that emerged from over 30 interviews with Iranian officials, intellectuals and civil society activists. Fast-forward a few months, and we now have an Iranian president speaking on the phone with his American counterpart; an Iranian foreign minister making YouTube videos in English calling for win-win formulas, dignity and respect; and a Supreme Leader who has explicitly backed diplomacy with the U.S. on the nuclear issue. How did the political winds in Tehran shift so rapidly?

This report seeks to answer that question while presenting measures the U.S. and E.U. can take to strengthen the receptivity of the positive-sum narrative within the Iranian elite and society. Together, this can facilitate a comprehensive nuclear deal, encourage Iran to act as a force of stability and moderation in the region, and strengthen the pro-democracy movement inside the country.

<sup>1</sup> President Rouhani was fully endorsed by the former presidents and secured 50.7% of the vote in the first round of the 14 June, 2013 presidential election.

While alternatives to the hardline narrative have survived on the margins of Iranian politics and within society at large, they have lacked the necessary spark to return back to the forefront of Iranian politics. The 2013 presidential election created an opening for this shift to occur. But while Rouhani's narrative of constructive interaction with the world is popular among the population, does it have the institutional roots to sustain itself? Premised on the idea of win-win outcomes, it is arguably in the interest of Western countries to encourage the strengthening of this narrative over the discourse of the hardliners. This begs the question: What can the West do to encourage Iran to move in a more constructive and collaborative direction through the positive-sum narrative?

Nothing will help strengthen the positive-sum narrative in Iran more than a comprehensive nuclear deal – that is, the second step of the deal struck in Geneva on November 24, 2013. Short of that, however, there are still measures the West can take to both strengthen this narrative and weaken the receptivity among the population and political elite to the hardline discourse. This is best achieved by a forward-looking approach that *at this point* renders the hardline narrative inaccurate through *tangible measures* offered by the West.

To understand how the positive-sum narrative can be solidified as the dominant political narrative in Iran, one must first understand how it managed to unseat the discourse of the hardliners. This report will first analyze how the shift in narrative took place, and then flesh out the concrete actions that can be taken to help strengthen and sustain it. In Chapter 2, we re-visit the hardliner narrative in Iran, explaining its roots and the logic of its sustainability, as well as the positive-sum narrative that has emerged and its implications. In Chapter 3, we explain how an unpredictable election created unexpected space for a shift towards this positive-sum narrative in Iran. In Chapter 4, we present concrete recommendations on how the West can strengthen this narrative in ways that facilitate a larger agreement with Iran and help prevent a resurgence of the confrontational policies of the hardliners. While measures

in numerous areas – from humanitarian to cultural – could be helpful, this report focuses primarily on collaboration in the scientific fields due to the direct challenge this would pose to the core of the hardline narrative in Iran: The idea that the West inherently opposes Iran's scientific progress.

Like the previous report, this study is based on a series of interviews with decision-makers and stakeholders on both the U.S. and Iranian side. This report differs, however, in the sense that the interviewees include senior members of the Rouhani administration. The projects proposed in Chapter 4 have all been discussed with members of both the Obama and Rouhani administrations and have been selected both for their ability to facilitate a broader agreement between Iran and the West, as well as for their perceived political feasibility.

We would like to gratefully acknowledge the invaluable contributions of Dr. Mohsen Milani of the University of South Florida, Ambassador John Limbert of the U.S. Naval Academy, Dr. Rouzbeh Parsi of Lund University, and Ambassador Roberto Toscano of the Barcelona Center for International Affairs, who carefully reviewed drafts of this report and provided vital feedback and suggestions. Their kind assistance does not imply any responsibility for the final product. Finally, we are grateful to the Swedish Ministry of Foreign Affairs and private donors in the Iranian-American community whose generous support made this report possible.

Time is of the essence. By following through on some or all of these recommendations, Washington and Brussels can – over time – help fundamentally transform Tehran's relations with the West.

## CHAPTER 2

# A Tale of Two Narratives

The unprecedented sanctions and other forms of pressure on Iran have significantly damaged the Iranian economy. However, concrete evidence has not been presented for the argument that the diplomatic opening following the election of Rouhani is primarily linked to the sanctions and not other factors – such as the disposition of the Rouhani team (who have offered more far-reaching compromises to the West in the past) or the Western acceptance of enrichment on Iranian soil as part of a negotiated end-game. Indeed, despite the historic deal between Iran and the P5+1 this past November, Tehran’s enrichment program will continue at the five-percent level with no plans of ceasing. Most importantly, we have not yet seen any changes in Tehran’s position on the key matter of substance: its right to enrich uranium on Iranian soil. As demonstrated in our March 2013 report *“Never Give In and Never Give Up”: The Impact of Sanctions on Tehran’s Nuclear Calculations*, a central reason why Tehran has so ferociously resisted the pressure of the sanctions has been the dominance of Iranian hardliners’ combative narrative within the Iranian elite.

### Unpacking the Hardline Narrative

The hardline narrative is well known to Iran observers because it is decades old and precedes the 1979 revolution: It portrays the West as a brutal, immoral entity out to “get” Iran, deprive it of scientific and technological advances, and keep it dependent on foreign powers. This narrative serves to maintain unity in a fragmented power structure, through:

- Sustenance of the image of an unrelenting enemy.
- Justification of the need for a feared security apparatus as a means to counter that enemy.
- Mobilizing the support of a minority segment of society who can be paraded as “popular support” when needed – on the anniversary of the revolution, during elections, and other notable events.

As a prominent Tehran-based academic with close ties to the Rouhani government told us: “The hardline narrative in Tehran is like Orientalism in reverse. Their policies have therefore



been anti-Western.”<sup>1</sup> Over the past decade, this narrative grew stronger, and thus more dominant within the Iranian elite. As sanctions and other forms of pressure increased, so too did the difficulty in challenging the hardliners’ narrative within the elite. The combination of their narrative and the perception that serious sanctions relief was not on the table, deprived key stakeholders of the necessary incentives to advance viable counter-narratives, since many believed that compromises on their end would not alleviate an equivalent amount of sanctions pain in return. Western countries have largely overlooked this crucial aspect of the sanctions psychology.

As the past decade has shown, Iranian hardliners are well equipped to deal with ever increasing sanctions. Some even welcomed sanctions: For example, the commander of the paramilitary Basij, Mohammad Reza Naghdi, remarked that he was opposed to Iran asking for sanctions to be lifted in nuclear talks with the P5+1. He reasoned that sanctions would unlock Iran’s “latent potential,” and the oil embargo could help the country’s economy cut its dependence on crude sales, a policy now on the agenda of the Iranian administration.<sup>2</sup> Punitive measures that ostensibly seek to prevent an Iranian nuclear weapon without hurting innocent Iranians have helped cause medical supply shortages, restricted Iranian scientists’ access to facilities, equipment and materials, and caused scientific journals and periodicals to refuse the publication of Iranian-authored articles.<sup>3</sup> The consequences of countless such

1 Interview with advisor to President Hassan Rouhani, November 2, 2013. “Orientalism” – as described by the late Dr. Edward Said – is a false sense of knowledge that exaggerates and distorts differences of Middle Eastern peoples and cultures as compared to that of the West. In practice, an Orientalist perspective sees Middle Eastern cultures as backward, uncivilized, and dangerous. Rouhani’s advisor is saying that hardliners in Iran view the West through a similarly false sense of knowledge.

2 For further details, please look at <http://www.al-monitor.com/pulse/originals/2013/04/iran-sanctions-consequences-list.html> - accessed on 3 December 2013.

3 For in-depth analysis on how sanctions have caused medical supply shortages in Iran, see: Siamak Namazi, “Sanctions and Medical Supply Shortages in Iran,” Woodrow Wilson International Center for Scholars, February 2013. Available at: [http://www.wilsoncenter.org/sites/default/files/sanctions\\_medical\\_supply\\_shortages\\_in\\_iran.pdf](http://www.wilsoncenter.org/sites/default/files/sanctions_medical_supply_shortages_in_iran.pdf). Taub, Julian. “Science and Sanctions: Nanotechnology in Iran,” 13 January 2012. Available at: <http://blogs.scientificamerican.com/guest-blog/2012/01/13/science-and-sanctions-nanotechnology-in-iran/>. “Science Academy ‘Science Academy President Blasts West’s Scientific Sanctions on Iran,’” *Fars News*, 20 October 2013. Available at: <http://english.farsnews.com/newstext.aspx?nn=13920728001328>





measures – whether unintentional or discreetly deliberate – gave an air of vindication to the hardliners’ narrative that the West is impeding Iran’s scientific progress.

The centrality of scientific progress as a vehicle to propel the power of Iran internationally cannot be overemphasized. It is a goal shared across the political spectrum in Iran and in an educated mass society. This is precisely why the narrative of the hardliners posits the West as inherently opposed to Iran’s scientific advancement.

Ayatollah Khamenei emphasized the importance of Iran’s scientific progress in an October 9 speech to a conference of Iranian youth. “The enmity of the camp which confronts Islamic Iran and shows hostility towards it is focused on the power of Iran. They do not want Iran to become powerful,” he said in reference to the Islamic Republic’s scientific achievements. “You should always pay attention to this fundamental point during all events including political, economic, international, regional and domestic events. You should not forget this point. Today, there is a political and powerful camp in the world [that] does not want Islamic Iran to turn into a powerful country and nation. Since the beginning of the Revolution, the situation has been like this.”<sup>4</sup>

The West’s narrow focus on Iran’s nuclear program obfuscates

4 “Supreme Leader’s Speech in Meeting with Participants of 7th Elite Youth Conference,” October 9, 2013. Available at: [http://english.khamenei.ir/index.php?option=com\\_content&task=view&id=1832&Itemid=4](http://english.khamenei.ir/index.php?option=com_content&task=view&id=1832&Itemid=4)

the central reason as to why the sanctions and other forms of pressure have failed to change Iran’s nuclear red lines: These measures have played directly into the hardliners’ narrative and have rendered the population and elite more receptive to it. Ayatollah Khamenei reiterated it in a speech to Iranian academics and students on August 7: “Contrary to its claims, the hostile and obstinate front formed against the Islamic establishment and the Iranian nation, is made up of only a few Western domineering countries, and spares no efforts to impede Iran’s scientific progress.”<sup>5</sup>

Many observers may roll their eyes at such assertions, but this discourse has been dominant within the Iranian elite over the past eight years because it builds on a deeper, historic narrative dating back more than a century. This narrative is based on Western intervention in Iran, occupation of the country, attempts at colonization, the 1953 coup against the democratically elected Prime Minister Mohammad Mossadeq, and Western support for Saddam Hussein’s invasion of Iran in the 1980’s, including his use of chemical weapons.<sup>6</sup> It also gained an air of vindication due to the unending stream of sanctions imposed on Iran, as well as the failed Iranian attempts to find a negotiated settlement – including efforts

5 “Supreme Leader’s Speech to Professors,” August 6, 2013, Available at: [http://english.khamenei.ir/index.php?option=com\\_content&task=view&id=1818&Itemid=4](http://english.khamenei.ir/index.php?option=com_content&task=view&id=1818&Itemid=4)

6 Shane Harris and Matthew M. Aid, Exclusive: CIA Files Prove America Helped Saddam as He Gassed Iran, ForeignPolicy.com, August 26, 2013. [http://www.foreignpolicy.com/articles/2013/08/25/secret\\_cia\\_files\\_prove\\_america\\_helped\\_saddam\\_as\\_he\\_gassed\\_iran](http://www.foreignpolicy.com/articles/2013/08/25/secret_cia_files_prove_america_helped_saddam_as_he_gassed_iran)





during the Khatami era and the Brazilian-Turkish-Iranian agreement in 2010, which the U.S. and Europe rejected.<sup>7</sup>

The most significant setback for any attempts by the moderates to generate a degree of confidence in Western intentions came in the aftermath of the U.S. invasion of Afghanistan. Iranian reformists managed to get the agreement of the hardline forces to cooperate with the U.S. in bringing stability to post-Taliban Afghanistan. In fact, U.S. and other western diplomats admit that Iran's role was very constructive in the 2001 Bonn Conference where the post-Taliban Afghan political constellation was decided upon. However, Iran's goodwill was met with its inclusion in President George W. Bush's "Axis of Evil" in January 2002.<sup>8</sup>

### Unpacking the Positive-Sum Narrative

Relying on the unprecedented opportunity provided by the Iranian people at the ballot box (see Chapter 3), President Hassan Rouhani has skillfully promoted the narrative that he has an obligation to implement the "will of the Iranian people" that "spoke through the channel of presidential elections." This line of argumentation clearly pushes back against the hardline view (represented by hardline clerics such as Ayatollah Mesbah Yazdi or Ayatollah Ahmad Khatami) that

the people have no role to play in determining the country's strategic direction. What reinforces Rouhani's new narrative is the fact that the hardline candidate in the 2013 presidential election (Saeed Jalili) only secured approximately 11% of the vote.

A key difference between the hardliners and Rouhani's narrative is that the latter has shown the capacity to contextualize issues, de-dogmatize them, and assess policies – nuclear and otherwise – on the basis of a more evenhanded cost/benefit analysis. Perhaps more importantly, the Rouhani government's policy and overall behavior reveal a larger point: for Iran's national interest, the nuclear issue is more means than end, in the sense that it is instrumental to the real goal of recognition and reintegration in the international system as an equal player.

Former Italian ambassador to Iran, Roberto Toscano, posed this idea to us as follows: "Do we believe that without the nuclear issue the U.S. would have accepted to sit across the table with representatives of the Islamic Republic of Iran? In this sense, Iranian nuclear intransigence worked by creating a difficulty and forcing attention and recognition of the Islamic Republic as a necessary interlocutor – 'Creating difficulty in order to sell facility,' as a Brazilian saying goes. The catch, of course, is that hardliners are incapable of dismounting from the battle horse (see Jalili) and are politically unable or unwilling to go for the real prize."<sup>9</sup>

7 Trita Parsi, *A Single Roll of the Dice - Obama's Diplomacy with Iran* (Yale University Press, 2012), ch. 10.

8 For more details of Iran's cooperation in the Bonn conference, please see the piece by Ambassador James Dobbins on "Engaging Iran" - <http://iranprimer.usip.org/resource/engaging-iran>.

9 Email correspondence with Ambassador Roberto Toscano.

Building off this idea of Iran's quest for recognition and reintegration, there are two significant counter-narratives that are currently being presented inside the corridors of power in Iran – both of which fall under the larger narrative embraced by Rouhani.

### Javad Zarif's Win-Win Strategy

Riding on the popular momentum generated by the election, President Rouhani and foreign minister Javad Zarif have already produced a significant counter-narrative to that of the hardliners. After their relatively successful diplomatic initiatives in New York at the September 2013 UN General Assembly, Zarif outlined on Iranian television the following argument: "It is an illusion to believe that there would be a win-lose scenario in security strategies. No power can marginalize the other powers and any such campaign will only lead to a lose-lose scenario."<sup>10</sup> By extension, Zarif presented the outcome of the western sanctions policy as a lose-lose scenario. He continued: "Therefore, we must work towards a win-win strategy and that means that one needs to unite the goals of Iran and the western countries. Iran wants its full peaceful nuclear program and wants the West to recognize Iran's enrichment rights. The West wants to be assured that there is no military component in Iran's nuclear program. These two goals can be united through a transparent program in Iran that is supervised and supported by the IAEA..."<sup>11</sup>

Zarif believes that such an outcome can be achieved through creative diplomacy. He also outlined on live Iranian television that the two tracks of negotiations – the political negotiations between Iran and the P5+1, as well as the technical negotiations between Tehran and the IAEA – can be pursued in parallel, and the two sides can build confidence and resolve outstanding issues.<sup>12</sup>

In essence, Zarif and Rouhani are pursuing the notion that Iran can look at the western countries as "potential partners" in helping Iran achieve its declared goals (not just in nuclear technology, but also in other technological, regional and security issues) as opposed to the narrative that continues to focus on Iran and the West (especially the U.S.) as distrustful antagonists moving towards confrontation. Incidentally, Zarif has also started referring to the P5+1 negotiators in Geneva as "our partners," which is a radical break with the traditional discourse of the Islamic Republic.

<sup>10</sup> As quoted by the Iranian Broadcasting Company IRIB. An outline of this strategy can also be found in a Press TV interview with Javad Zarif. Please look at: <http://www.presstv.com/detail/2013/09/12/323403/obama-being-pushed-into-trap-on-syria/> - accessed on 3 December 2013.

<sup>11</sup> A summary of this interview in Persian can be found at: [www.irinn.ir/news/25701/](http://www.irinn.ir/news/25701/) - accessed on 3 December 2013.

<sup>12</sup> Ibid.

### Iran's Responsibility towards Regional Peace and Stability

The other narrative has been developed around the need for regional peace and stability, in which it is recognized that some degree of accommodation with U.S. and the E.U. would be necessary to achieve stability favorable to Iran's needs and demands. The official that is pursuing this narrative is the new secretary of the Supreme National Security Council (SNSC), Admiral Ali Shamkhani. The SNSC's primary responsibilities are defining the country's defense and security policies and coordinating political, economic and other activities in line with national defense and security priorities.

As we indicated in our March 2013 sanctions report, the process of decision-making is shaped by ongoing consultations in various councils (mainly the SNSC, but also in other formal and informal interactions with state officials, the Expediency Council, the clergy and military commanders) until a policy is formulated through a decree or a stated policy.



The 58-year old Shamkhani is a former defense minister in the Khatami administration, and most recently was the Head of the Institute for Strategic Defense Studies affiliated with Iran's Islamic Revolutionary Guard Corps (IRGC). He is an ethnic Arab born in Ahvaz and a former commander of the Iranian Navy. Through his experience as minister of defense under Khatami, he has forged good relations with IRGC and military commanders.

Shamkhani also enjoys the confidence of Ayatollah Khamenei. In all his official positions, he had the full blessing and support of the Supreme Leader, including the latest appointment where Shamkhani was appointed Khamenei's representative on the SNSC. In recent years, Shamkhani took center stage



as a staunch critic of the Ahmadinejad government and of the house arrests of former presidential candidates Mir-Hossein Mousavi and Mehdi Karroubi. He became famous in Iran for saying publicly: “The regime should not let any of the principal forces depart from the revolutionary train!”<sup>13</sup>

Shamkhani will play an important role in improving ties with Iran’s Arab neighbors: In 2004, after he brokered and implemented a security agreement between Iran and Saudi Arabia, he was awarded the Order of Abdul-Aziz al Saud by the late Saudi King Fahd – the only Iranian minister to ever receive such an award.<sup>14</sup>

In line with this objective, Shamkhani is promoting the narrative that Iran’s own national security goals require peace and cooperation with regional powers, which in turn requires a certain degree of accommodation between Iran and the West. He represents the view that decreasing internal cohesion and not external threats constitute the most significant threats to Iran’s national security.<sup>15</sup> This means that he would like to reduce the threat perceptions against western powers and find ways to ease tensions, both through supporting Zarif’s approach to the nuclear negotiations, but also by highlighting that internal cohesion and regional stability can be harmed through unnecessary external tensions.

Successful cooperation between Iran, the U.S., and other key international actors on the crises in Syria, Afghanistan, Iraq, as well as on issues pertaining to jihadi extremism and broader regional instability will boost Shamkhani in further consolidating this narrative. If the process of returning Syria or any of these crises to a degree of normalcy succeeds, Shamkhani alongside Rouhani will be able to argue that it was the cooperation between Iran and the U.S. that prevented

another regional war and helped maintain a degree of stability in the region. Perhaps more importantly, they will be able to argue that such cooperation was possible because the national interests of the two sides have converged in such a way that neither Washington nor Tehran can find solutions to these security challenges unless they work together. This is perhaps the biggest corollary to a final agreement on the nuclear issue: The more progress is made on the nuclear front, the more space both sides will have for collaboration on other core issues – which in turn will have significant positive consequences for U.S. national security interests.

Overall, it is important to recall that Rouhani, Zarif and Shamkhani have tried to push and solidify these narratives in the late 1990s and early 2000s – all of which was done before “crippling” sanctions were put on Iran. Iran’s outreach to the U.S. on Afghanistan in 2001, its “grand bargain” offer to Washington in 2003, and the apex of its cordial relations with Saudi Arabia and the larger Arab world came at a time when the Rouhani-Zarif-Shamkhani narrative dominated the thinking in Tehran.<sup>16</sup> By rejecting Tehran’s outreach, Washington strengthened the hand of Iranian hardliners who believe the only way to compel the U.S. to talk or deal with Iran is not by sending peace offers, but rather by resisting and challenging American power.

Second chances don’t come often. Rather than repeat the mistakes of the past, Washington and Brussels have a golden opportunity to test win-win proposals and strengthen the positive-sum narrative of the Iranian moderates – not just at the negotiating table, but also through concrete actions that can facilitate a new, cooperative relationship with Iran and its people, void of the painful baggage of the past. But before assessing how to achieve this objective, we must first have a clear understanding of the factors that brought Rouhani to power.

13 Source in Persian: [www.entekhab.ir/fa/news/112950/](http://www.entekhab.ir/fa/news/112950/) - accessed on 3 December 2013.

14 For more details on Shamkhani, please look at: <http://iranprimer.usip.org/blog/2013/sep/10/profile-new-security-council-chief> - accessed on 3 December 2013.

15 Source in Persian: [www.entekhab.ir/fa/news/112950/](http://www.entekhab.ir/fa/news/112950/) - accessed on 3 December 2013.

16 Kessler, Glenn, “In 2003, U.S. Spurned Iran’s Offer of Dialogue,” Washington Post, June 18, 2006, Available at: <http://www.washingtonpost.com/wp-dyn/content/article/2006/06/17/AR2006061700727.html>





## CHAPTER 3

# The 2013 Presidential Election: A Shift Occurs

### An Electoral Surprise

As the June 2013 presidential election approached, a heavy dose of skepticism – if not outright cynicism – colored much of the analysis outside of Iran. This was not unwarranted. After the contested 2009 election and subsequent increase in human rights abuses, legitimate criticisms of Iran’s electoral and political processes took center stage. To that end, Iranian politicians, intellectuals, businessmen and civil society writ large debated the merits of participating in another election that ran the risk of being tampered with.

Indeed, the continued harassment of Green Movement leaders and activists led to an expectation among some that the hardline constituency within the regime would opt to tamper with the results to produce their own winner. Many saw the rejection of former president Hashemi Rafsanjani’s candidacy by the Guardian Council as proof that another engineered election was in the making.

In the weeks leading up to Election Day, reasons for concern remained strong. The field of candidates was vetted to produce a group of non-controversial insiders with impeccable revolutionary credentials. But as most politicians and pundits

in the West focused on chief nuclear negotiator Saeed Jalili as Ayatollah Khamenei’s supposedly ‘anointed’ candidate, his predecessor Hassan Rouhani quietly assembled one of the most impressive political coalitions in the 34-year history of the Islamic Republic. The centrists and the reformists joined forces and former President Mohammad Khatami personally convinced the reformist candidate Mohammad Reza Aref to withdraw his candidacy in favor of Rouhani.<sup>1</sup>

The maneuvering of former presidents Rafsanjani and Khatami, together with the very effective mobilization of votes behind Rouhani, changed the electoral dynamics. With their full support paving the way, Rouhani campaigned around the country on a platform of moderation, efforts to improve the economy and heal political and social divides – and by extension, the country. As Rouhani’s coalition coalesced, others failed to materialize. All of this surprised many observers, but not as much as the official result: 73% voter turnout propelled Rouhani to a landslide, first-round victory at the polls, with 50.7% of the vote. It should be noted that this was the second time that the Iranian people produced an unexpected swing towards moderate factions. The last time the population produced such a shift was in 1997, when Mohammad Khatami was elected president.

<sup>1</sup> Discussion with reformist strategist, June 11, 2013.

Absent evidence, it is therefore difficult to argue that the shift to moderate policies was a result of external sanctions – it is more plausible that it reflected the continued desire of the Iranian people to put an end to the mismanagement and failed policies that had endured under the Ahmadinejad government. The Iranian people had pushed for the same shift in 2009 – prior to the imposition of crippling sanctions – but the hardliners resorted to fraud and repression to prevent their votes from being counted. This reveals a larger point about Iranian politics: Despite the fact that Iranian elections are controlled and manipulated at the nomination process through the role of the Guardian Council, presidential elections have consistently been contentious. Simply put, elections in Iran, despite all of their flaws, are important and have the potential to shift the balance of power in the country.

In retrospect, the hardliner's biggest mistake was to reject Rafsanjani's candidacy. His rejection mobilized an unprecedented coalition of clerics, traditional merchants, industrialists and intellectuals who decided to push back against the hardliners.<sup>2</sup> This forced Ayatollah Khamenei to choose: allow the hardliners to manipulate the vote and risk an unpredictable backlash (this time led by Rafsanjani), or bow to the popular mood. Another significant event was the withdrawal of the reformist candidate, Mohammad Reza Aref in favor of Hassan Rouhani. This had a very positive impact on a significant segment of the population.<sup>3</sup> As Election Day approached, Rouhani surged in the polls as the population started to conclude that the hardliners success in stealing the election in 2009 was a pyrrhic victory – the hardliners could likely not pull it off again without risking the collapse of the regime.<sup>4</sup> The wounds of 2009 were still open, and the divisions within the elite remained unsettled. These intense internal rifts suggested the regime simply could not survive the delegitimizing effects of another election scandal.

### The Hardliners Narrative gets Unseated

Western officials (among others) were stunned. To the surprise of many – perhaps even themselves – the Iranian people beat the hardliners at their own game. A peaceful, overwhelming show of force at the ballot box for the most palatable, pragmatic candidate sent a powerful message to Iranian hardliners: you can cheat once, but not twice.

The peaceful show of force at the ballot box by the Iranian people created room for the emergence of a competing

narrative that has facilitated a shift in policy away from the hardliners' confrontational stance. As we noted in our March 2013 sanctions report, no such counter-narrative gained footing among influential elements of the Iranian elite prior to the presidential election. But as President Obama famously said after his election victories in 2008 and 2012: elections have consequences. Not only did the presidential election provide an opening for the emergence of a new narrative – it also allowed for the re-emergence of political elites favoring such narratives that had been relegated to the sidelines of the Iranian system. In the words of one Iranian intellectual, the election led to a temporary "retreat of the hardline element" which created the space needed to advance alternative narratives and move the red lines.<sup>5</sup> The change of government, in turn, shook up the composition of Iran's chief foreign policy and national security decision-making body: the Supreme



National Security Council (SNSC). Khamenei has final say over all SNSC decisions, and critical issues are usually discussed in his presence – but he listens to the advice offered by SNSC members before making his decision. When Rouhani assumed the presidency, his cabinet ministers and personalities, who are more in line with his narrative, replaced nearly half of the SNSC members. Still, the situation remains fluid and will be influenced by internal and external processes.

### An Unpredictable Shift

To say the shift in Iran's narrative is a surprise would be an understatement. Few, if any, predicted the presidential election would deliver an Islamic Republic that sought peaceful solutions to its conflict with Washington. Barack Obama's top advisor on Iran until November 2011 was unequivocal in his pre-election assessment of what the final results would be:

2 Interview with a Tehran-based intellectual who followed the pre-election events closely.

3 Ibid.

4 See this tracking poll for instance: <http://www.ipos.me/en/index.html>

5 Interview with a Tehran-based reformist strategist.

“So now Ayatollah Khamenei has decided not to leave anything to chance... If there had been any hope that Iran’s presidential election might offer a pathway to different policy approaches on dealing with the United States, he has now made it clear that will not be the case. His action should be seen for what it is: a desire to prevent greater liberalization internally and accommodation externally.”<sup>6</sup> The same analysis that incorrectly predicted a Jalili victory at the polls subsequently attributed Rouhani’s victory to sanctions despite no concrete evidence in support of that assertion.<sup>7</sup>

On the contrary, a poll conducted by Tehran University and the University of Maryland immediately after the election revealed that only two percent of Rouhani’s supporters listed the lifting of sanctions as a reason for supporting him.<sup>8</sup> Twice as many – four percent – voted for him because he was a clergyman. Seven percent cited his ability to fix the economy. The poll also revealed that a key factor behind Rouhani’s election was strategic voting by supporters of Rouhani’s rival, Tehran Mayor Mohammad Bagher Ghalibaf. Since most voters expected the election to go to a runoff, many saw voting for their preferred candidate in the first round as a waste if they expected their top choice to be a shoe-in for the runoff. Thus, some voters cast their ballot for their second choice in the first round to secure a runoff between two of their most preferred candidates. The poll revealed that 24 percent of Rouhani voters preferred Ghalibaf, but were certain he would make it to the runoff and instead voted for Rouhani to ensure a runoff between these two candidates. Thanks in part to this miscalculation, Rouhani managed to reach just above the 50 percent line and evade a runoff.<sup>9</sup>

Far too frequently, outside analyses about Iran more generally and in this case more specifically reduces political developments in Iran to three arbitrarily selected phenomena – the Islamic regime, the opposition outside Iran, and the policies of external forces towards Iran (specifically the sanctions policy). This, in turn, misses the central role played by the Iranian society in election outcomes, and assumes there is no agency on the part of Iranian citizenry except for their displays

of rage when political, economic or social conditions reach a breaking point. It may be easier to miss this dynamism in Iran’s civil society outside election season, because it consists of relatively quiet but sustained activities. However, the political reality within Iran’s society and elite has become clearer in the aftermath of the election. On one end of the spectrum, there are proponents of a hardline conservative interpretation of the Islamic Republic. Taking into account the results of Iran’s 2013 presidential election, we know that these hardline regime supporters make up approximately 20% of Iranian society. On the opposite end of the spectrum, there are opposition forces – mainly based outside Iran – who have opted for agendas such as regime change or external intervention in an effort to rid Iran of the Islamic regime. These opposition groups failed to convince the Iranian public to boycott the election.

The mainstream of Iranian society is positioned between these two opposites. While many analysts believed that a large segment of this mainstream had been completely alienated by political events, their participation in the presidential election indicated a degree of continued engagement in the political process. The reality is that Iran’s presidential election was in fact unpredictable. One only needs to consider how easily the election could have gone the other way: What if Khamenei and the Guardian Council had not disqualified Rafsanjani from running? What if Iranian voters followed through on their first inclination to vote for Ghalibaf? What if Khatami had failed to convince Aref to withdraw his candidacy? And perhaps most poignantly, what if a greater segment of reform-minded Iranian voters had decided not to vote?

All of this demonstrates an overarching takeaway for Washington and its allies: Rouhani’s victory at the polls could have just as easily gone to someone else if an unpredictable set of factors shifted in slightly different ways. Instead, the stars aligned and an unprecedented opportunity fell into the lap of the West. The elections unexpectedly catapulted a centrist coalition whose key leaders had consistently sought to engineer an opening to the West prior to losing power to Ahmadinejad. Such efforts include the 2001 collaboration with the U.S. in toppling the Taliban government in Afghanistan and securing a new constitution there, the 2003 Grand Bargain negotiation offer to the George W. Bush administration, and the 2005 offer to the E.U. to limit Iran’s enrichment program to 3,000 centrifuges.<sup>10</sup> (Iran currently has 19,000 centrifuges). While the U.S. and the E.U. ultimately rejected all of these efforts, it is important to note that they were all made by the same team that now has been ushered back into power by the

6 Ross, Dennis. “Don’t Discount the Iranian Election,” *Foreign Affairs*, June 5, 2013. Available at: <http://www.foreignaffairs.com/articles/139435/dennis-ross/dont-discount-the-iranian-election>

7 Moaveni, Azadeh. “Dennis Ross: Sanctions Played an Important Role in Rouhani’s Election,” *IranWire*, July 4, 2013. Available at: <http://iranwire.com/en/projects/1388>

8 Ebrahim Mohseni, *Iran’s Presidential Elections and its Domestic and International Ramifications*, Tehran University and University of Maryland. Available at: [http://www.cissm.umd.edu/papers/files/irans\\_presidential\\_election\\_and\\_its\\_ramifications\\_v2.pdf](http://www.cissm.umd.edu/papers/files/irans_presidential_election_and_its_ramifications_v2.pdf)

9 For more on sanctions and Iranian voting patterns in the 2013 presidential election, see: Trita Parsi, “For U.S.-Iran, It’s All in the Timing,” *Reuters*, September 24, 2013. Available at: <http://blogs.reuters.com/great-debate/2013/09/24/for-u-s-iran-its-all-in-the-timing/>

10 Trita Parsi, *Treacherous Alliance - the Secret Dealings of Israel, Iran and the U.S.* (Yale University Press, 2007), ch 17-19. A copy of Iran’s 2005 offer to the E.U. is available here: [http://www.isisnucleariran.org/assets/pdf/Iran\\_Proposal\\_Mar232005.pdf](http://www.isisnucleariran.org/assets/pdf/Iran_Proposal_Mar232005.pdf)





2013 elections – and that these offers were all made prior to the West imposing crippling sanctions on the Iranian economy. It is critical to seize this opportunity precisely because it has taken years to materialize – and nobody knows if and when it will come again.

### **Khamenei's Reaction**

Hassan Rouhani's election has brought back to the forefront – after eight years of exclusion – a narrative for Iran's foreign policy that is more reminiscent of former Presidents Rafsanjani and Khatami's détente than the hardliner's narrative of resistance. At the same time, Rouhani is a 34-year veteran political operator in the Islamic Republic who has the respect, and in many cases the trust, of key power centers – including Ayatollah Khamenei. Perhaps more importantly, however, he has an unmistakable mandate from Iranian society. With turnout at approximately 73 percent and Rouhani securing 50.7 percent of the votes in the first round, he scored a resounding victory that could not be ignored by the Islamic Republic's various political factions. Rather than permitting Rouhani's victory, Ayatollah Khamenei had no choice but to accept it.

Undoubtedly, Khamenei's ideology and past experience in dealing with the West compels him to be very skeptical of the positive-sum narrative. And while he may view it as a threat, he has thus far refrained from challenging it head on. Instead, perhaps as a reaction to the popular support Rouhani currently enjoys, he has tacitly supported it and held private meetings with Zarif and Shamkhani. "Rouhani and his team have won the election. Khamenei still has his own views, but he would

like to give Rouhani's team a chance to solve the nuclear issue," an advisor to Rouhani told us. "They have the authority to do so, but Khamenei is very suspicious of the U.S."<sup>11</sup>

One month after Rouhani's inauguration, the emphasis of Khamenei's speeches began to shift from "resistance" to "heroic flexibility." "We are not against proper and reasonable moves, whether in the world of diplomacy or in the world of domestic policies," he explained in a September 17 speech to IRGC commanders. "I believe in the idea which was referred to as 'heroic flexibility.' Flexibility is necessary in many areas. It is very good and there is nothing wrong with it. But the wrestler who is wrestling against his opponent and who shows flexibility for technical reasons should not forget who his opponent is and what he is doing. This is the main condition. Our politicians too should know what they are doing, who they are faced with, who their opponent is and which area the opposing side wants to attack."<sup>12</sup> This was not the first time that Khamenei had spoken of "heroic flexibility," nor was it the first time he publicly supported diplomacy with the U.S.<sup>13</sup>

11 Interview with an advisor to president Rouhani.

12 "Supreme Leader's Speech in Meeting with Commanders of Islamic Revolutionary Guards Corps," September 17, 2013. Available at: [http://english.khamenei.ir/index.php?option=com\\_content&task=view&id=1827&Itemid=4](http://english.khamenei.ir/index.php?option=com_content&task=view&id=1827&Itemid=4)

13 It is important to explain where the reference to "Heroic Flexibility" comes from: Hassan Ibn Ali, the second holy imam in Twelver Shi'a Islam (the predominant religion in Iran), sought to negotiate peace with Muawiyah I, the founder of the Umayyid Dynasty and a controversial figure in Shi'a Islam, rather than pursuing confrontation. In the 1970's, Ayatollah Khamenei translated into Persian a book that attempts to show why Imam Hussein was in line with Shi'a doctrine in making this decision. It is interesting – and potentially ominous – to note that Hassan's choice was defeated by Muawiyah's deviousness, and replaced by Imam Hossein's heroic stand and martyrdom at Karbala. While allowing for the path of Hassan, Khamenei appears to be keeping the path of Hossein in reserve.



The shift in Khamenei's rhetoric and the power networks close to him in the executive branch are important, but they do not reflect a wholesale change in Iran's political composition. Even after the election of Rouhani, Ayatollah Khamenei continues to split the difference between the hardliner's narrative and support for the president.

"We support the diplomatic dynamism of the administration," he said in an October 5 speech to Army cadets. "We attach significance to the diplomatic dynamism and efforts of the administration on the issue of the recent trip [to the United Nations General Assembly] and other issues. We support what our administration does and its diplomatic efforts and dynamism in this arena. Of course, in our opinion, some of the things that happened in New York were not appropriate, but we are optimistic about the diplomatic team of our dear nation and about our diligent administration. However, we are pessimistic about the Americans. We do not at all trust them. We regard the government of the United States of America as an untrustworthy government."<sup>14</sup>

While accepting the new realities, Iranian hardliners are hopeful that Rouhani's coalition will lose its popular support by failing to successfully implement the ideas that make up its narrative. Thus, Khamenei has adopted a "wait and see" approach. Khamenei allows experiments, but does not commit to them until he gets a sense of security about the initiatives – an Iranian version of "leading from behind." At the same time, no one person is the "responsible" and "accountable" decision-maker – even the Supreme Leader can hide behind an array of institutions when he needs to justify or delay a decision.

Whatever his personal ideology – certainly not liberal in the Iranian context – Khamenei has shown to be capable of political pragmatism. He accepted the liberal Khatami (and

then blocked him when Khamenei thought things might go too far in a dangerously "Gorbachevian" direction). On the other hand, he stood firmly behind the populist Ahmadinejad (and then stopped him when his populism-cum-messianic anti-clericalism became disruptive). What Khamenei can be credited with at this stage is his effort to push back major hardline attacks against Rouhani and his team, though occasional spats in the Iranian Parliament (Majles) and the media cannot be stopped completely. To that end, Khamenei is playing a risky domestic political game, but not one without strategy and logic. He is betting on a U.S. national security establishment that will either pull the rug out from underneath Rouhani's diplomatic overtures, or cut a nuclear deal as part of a larger cold peace between the U.S. and Iran. Either way, it closely resembles Khamenei's usual game of patience with the aim of empowering himself at the end. Thus, similar to previous incidents (such as U.S.-Iran collaboration in promoting the post-Taliban regime in Afghanistan), Khamenei will likely not impede the promotion of the counter-narrative until it breaks in the face of failure – especially in a scenario where the western powers renege on their commitments. A diplomatic fiasco (more sanctions approved by the U.S. Congress, for instance) might spell an early freeze of Rouhani's political coalition.

Overall, if the process ushered in by Rouhani is successful, Khamenei will state that he had supported the initiative, and if it fails, Khamenei will remind everyone that he was right to distrust Washington.<sup>15</sup>

<sup>15</sup> It should also be noted that the Rouhani team is doing what is in its power to guarantee the success of the new strategy by engaging diverse stakeholders in Iran and in the region. After returning to Tehran from the Geneva negotiations, Zarif has briefed the Majles, visited key Grand Ayatollahs in Qom, debated critical students and consulted with regional foreign ministers. Other government officials and advisors have engaged hardline elements such as Basij members and former government officials to secure their support for the current strategy. Interview with an adviser to the foreign ministry.

<sup>14</sup> "Supreme Leader's Speech in Meeting with Army Cadets," October 5, 2013. Available at: [http://english.khamenei.ir//index.php?option=com\\_content&task=view&id=1829&Itemid=4](http://english.khamenei.ir//index.php?option=com_content&task=view&id=1829&Itemid=4)





## The role of the West

Rouhani's stunning election victory and domestic maneuvering notwithstanding, the sustainability of the positive-sum narrative he represents is not a foregone conclusion. As the product of a coalition bringing together moderate, mainstream conservative and reformist factions, Rouhani can utilize the support of an array of power networks and factions not seen since Rafsanjani's presidency. However, Iranian voters also know better than anyone that Rouhani's victory is fragile. Boxing in hardliners is not the same as eliminating them. What the outside world – particularly the West – does or does not do can help determine whether the positive-sum narrative will define Iran or whether it will once again be relegated to the sidelines.

"We're at a critical juncture," a top Rouhani advisor told us. "The U.S. has options to strengthen the hardline narrative or Rouhani's counter-narrative – intentionally or unintentionally. If Rouhani's team puts forward sound, rational proposals for compromise and the U.S. disagrees or asks for more, they'll be in a weaker position and hardliners will say: 'We told you so. They don't want to solve the problem, they want total submission. They don't want compromise, they want to dictate.' The success of Rouhani's counter-narrative all depends on U.S. actions, policies and behavior."<sup>16</sup> While clearly Rouhani's success cannot entirely depend on the actions of the West, negative reactions from the Western side can seal Rouhani's failure.

If the hardliners' narrative of Western animosity returns to dominance, these same hardliners are likely to also strengthen Iran's internal military-security apparatus and present it as a necessary instrument for countering threats against the Islamic

Republic.<sup>17</sup> As the election demonstrated to the world, there are interests and structures that can challenge the hardliner's narrative, but they need a sustained degree of justification to consolidate their influence in Iran's complex power structure.

Furthermore, according to our interviews with Iran-based businesspersons and members of the political elite, Iranian society is also watching the reactions of Western governments to gauge their ability to respond to new Iranian realities. A failure to engage Iran constructively may not only undermine the position of the newly open narrative, but also further disappoint Iranian elites about the West in general and the U.S. in particular.<sup>18</sup> Rouhani, in turn, will likely be forced to fall in line with less flexible positions that more closely resemble Iran's recent past. American and European decision-makers privately acknowledge this dynamic, thereby adding a sense of urgency to an already high-stakes diplomatic dance. Thanks to the elections, the positive-sum narrative of the Iranian moderates is now dominant. But it won't be for long if the corresponding policies do not prove successful.

16 Interview with advisor to President Hassan Rouhani.

17 Survival of the system is an important factor in decision-making and behavior. As long as it provides the basis for the government behavior, it can be easily justified. Even the Expediency Council – which Rafsanjani heads – is an institution to provide for the "expediency of the system", i.e. an instrument to prolong its life.

18 Summary of a number of interviews with Iranian businessmen and members of the political elite based in Iran.





## CHAPTER 4

### Strengthening Iran's Positive-Sum Narrative

As the months since the 2013 presidential election have shown, Iranian hardliners are more comfortable dealing with ever increasing sanctions that vindicate their narrative. While nothing will strengthen the positive-sum narrative in Iran more than concluding a comprehensive win-win agreement on the nuclear issue, there are still numerous tangible, counter-intuitive measures the U.S. and E.U. can undertake to disprove the hardliner narrative, rendering it less attractive to the population and the elite, and thereby strengthening the Iranian outlook that favors greater flexibility and collaboration with the outside world. The West has a unique opportunity to take steps that can change Iran's orientation for decades to come on a whole set of issues – not just on the nuclear file. “Symbolic measures [that challenge the hardline narrative] can go a long way to deepen the new environment in Iran and make the recent gains irreversible,” a senior Foreign Ministry official told us.<sup>1</sup> Success in this field can spill over to other crucial areas, such as the human rights situation in Iran, which has significantly deteriorated over the course of the past years. Time, however, is limited due to the manner in which the political pendulum in Iran will swing back in favor of the hardliners if the Rouhani government has little to show for in the next six to twelve months.

One approach that could significantly facilitate the conclusion of a comprehensive nuclear deal while encouraging Iranian moderation in both the domestic and foreign policy realms

is collaboration in science and technology in various non-controversial fields. Such an approach would challenge the core of the hardliners' narrative: that the West is inherently seeking to deprive Iran of technology in order to keep it weak and dependent. It would emasculate those portraying the nuclear standoff as a microcosm of Western opposition to Iran's overall advancement as a nation while helping to clinch a deal with Iran that goes beyond a nuclear accord and toward a larger, strategic peace.

This chapter will present several proposals that the E.U. and U.S. can undertake towards these objectives.

#### The Political Context

As we argued in our March 2013 sanctions report, the Iranian regime is a multi-layered and diverse political system in which various power centers are in a continuous state of competition and cooperation. The fault lines that exist within this multi-layered structure can be seen around the following points:

1. Economic interests, especially considering the growing size and regional integration of the economy;
2. The clash between technocratic approaches and ideological ones;
3. A disconnect between the regime's old guard and society on values, especially around modernity, technological progress, connectivity to global phenomena, etc.;

<sup>1</sup> Interview with senior Iranian Foreign Ministry official.

4. A generational shift within the ruling elite, with the younger generation being more appreciative of the value of integration in the global economy.

Some of the above fault lines became obvious during campaigning prior to Iran's 2013 presidential election. The election result underlined that more moderate and progressive forces have a majority in society and could drive a transformation in social and political realities. However, the more ideological and conservative forces have not disappeared, and they will try to regain control if the process of transformation is not empowered through actual progress. The desire to sustain this process calls for a creative engagement that takes into account the dynamics of power within the Islamic Republic.

What can also aid this process is the generational shift that is taking place in Iran. Interestingly, even the sons and daughters of the revolutionary generation – who have in many cases studied in Western countries – are more amenable to a different relationship with the West. However, they must have some indication and incentive to influence the overall orientation of the country.

Furthermore, it is best to help Iranian stakeholders regain confidence in their Western counterparts by focusing on themes such as scientific and technological progress that are more tangible and less subject to politicized double standards in the region. In other words, to strengthen the positive-sum narrative, Western governments need to communicate to various Iranian stakeholders through concrete actions that the West as a whole – and especially Washington – are not against Iranian progress per se.<sup>2</sup>

Any new policy towards Iran should be designed to increase mutual understanding and steer away from conflict. Key components of such an approach would be:

- Appreciating that Iran demands recognition and respect – the slogan that Rouhani supporters chanted when celebrating the interim nuclear deal is instructive on the necessity that the dignity of both sides are preserved: *Na jang, na tahrin, na toheen, na taslim* (“neither war, nor sanctions, nor insult, nor submission”);
- Recognizing that Iran has a role to play in its region, and also as an international provider of energy;
- Underlining that Iranian culture and civilization has international dimensions and hence international responsibility;
- Recognizing that technological progress and economic interests are core values of some of the key stakeholders;



To achieve this, Western governments need to open channels of communication with Iranian stakeholders who have tangible interests in a better relationship with the West (for economic, regional and technological reasons). Due to the existing distrust, such engagement will not be easy – but it can be determinant for future developments in Iran. The recent change of government has made engagement and exchanges more feasible. To better understand how to engage them, one must first understand the strategic foundation from which they are operating.

### The 20-Year Perspective Document

The most significant long-term strategic document produced by the Islamic Republic is entitled “20-Year Perspective” – also referred to as Vision 2025. This document was debated in the Expediency Council between 2000 and 2005, and was then endorsed by Ayatollah Khamenei and issued as a decree in 2005.<sup>3</sup> The main objectives are to make Iran the leading regional power, in terms of its economic, scientific and technological capabilities by the year 2025. The 20-Year Perspective document describes Iran in 2025 as a “Knowledge-based Economy” that will be an inspiration for other nations as well as an active player in the global trade and economy. The document also sets out ambitious plans for the various sector activities in Iran's economy, but the key backbone in all targeted developments is technological shifts. It describes the “desired Iranian society” for the year 2025 as follows:

- Secure, independent and powerful
- Progressive
- Knowledge-based
- Economic growth based on a large portion of social capital
- Growth of social capital through education
- Society capable of steady economic capacity building

2 Interview with advisor to the Iranian foreign ministry.

3 The full text of the decree by Ayatollah Khamenei can be found in Persian at: <http://bonab.ir/tasavir/baner/ofogh.htm>





There is an understanding among the top decision-makers that domestic resources alone cannot achieve their medium-to-long term goals, and that foreign investment and transfer of technology will be needed. Modern technology – either transferred by international companies, or acquired through collaboration with regional partners – is a key prerequisite in reaching the goals set out in the 20-Year Perspective Document.

Any platform for technological cooperation with the West that falls within the parameters of this document will have a higher likelihood of success since it provides the necessary domestic political justification for such collaboration. No less important is the overlap that the document has with the priorities of Iranian society.<sup>4</sup> As long as the collaboration does not touch upon sensitive technologies, the risks for the Western side should be relatively low.

### Profile of Proposed Initiatives

The shift in approach that this report proposes is easier said than done. However, as demonstrated below, it is possible to come up with initiatives within the current realities that include Iran in a respectful manner – that is, programs that are not designed as a “one-way lecture” to the Iranian side but rather two-way exchanges – and that are also in line

with international non-proliferation concerns. Considering the track record of Iranian hardliners, readiness for negative and conspiracy-minded reactions must exist. To that end, each engagement and contact will generate expectations, issues and internal dynamics that must be taken into account. Therefore, western governments need a multilayered, well-timed and patient Iran strategy. There will also be cases where engagement happens through multilateral frameworks. The core parameter in a new approach would be engaging Iran in general, and those stakeholders who are open to engagement with Western stakeholders in particular.

The section below introduces a number of concrete ideas that are designed with the following characteristics in mind:

- They are feasible under the current sanctions regime, though OFAC licenses may be required;
- They include Iranian stakeholders that have formal and informal access to the main power centers;
- They communicate to the Iranian public and elite that Western governments are not opposed to Iran’s technological and economic progress per se;
- They address issues that are of significance to Iranian stakeholders without directly challenging the authority of the Iranian government;
- And most importantly, the projects will facilitate a comprehensive nuclear deal by undermining the hardline and strengthening the positive-sum narrative in Iran, which in turn will have positive ramifications on Iranian conduct in the region as well as internally.

<sup>4</sup> A number of studies have been carried out on Iranian values and beliefs. For example look at Moaddel M. 2010. “Iranians and Their Pride: Modalities of Political Sovereignty.” *Lecture Notes in Computer Science - Volume 6007/2010*. Also, a recent study by the Simorgh Foundation on Iranian values can be found at: <http://www.thesimorgh.E.U./survey.php>



## 1) U.S./E.U.-Iran Science Summit

The U.S./E.U. can propose holding a high-level, high profile U.S./E.U.-Iran Science Summit, potentially under the auspices of TED, that brings together the best and brightest Iranian, European and American scientists across a range of non-controversial scientific fields (proposed initiatives below are prime candidates for topics at such a summit). To ensure that the summit will make a deep impact on the discourse in Iran, the U.S. and its partners can work to secure the attendance of prominent American and Iranian American personalities, such as Bill Gates, Pierre Omidyar, or Omid Kordestani. The summit can be held in honor of an ancient Iranian scientist such as Omar Khayyam or Abu Ali Sina (Ibn Sina) in order to further disarm skeptics in Tehran. Collaboration in the area of neuroscience is particularly promising. Iran has some of the most advanced neuroscientists in the world, and American scientists in this field have expressed an interest in collaborating with their Iranian counterparts.

Some efforts have already been made in this arena, but direct endorsement of the U.S. and E.U. governments will provide a helpful boost. By encouraging and helping to facilitate the collaboration of Iranian and American scientists, the U.S. and E.U. governments will send a clear message to Iranians across the political spectrum that cutting-edge science collaboration is possible and mutually beneficial on non-sensitive topics. This type of science diplomacy – a brand that views Iran as a partner rather than a patron – empowers political elites that have traditionally provided a counterweight to Iranian hardliners. Understanding Iran’s scientific heritage and respecting it builds the kind of trust that will inevitably be necessary for sustained engagement and reducing insecurities that can lead to counter-productive actions by hardliners.

## 2) Green Energy

A common – and not entirely indefensible – justification that Iranian officials provide for their country’s nuclear program is domestic energy needs. To that end, American and European officials can work together to organize and send to Tehran a delegation of green energy executives, with the expressed intent of collaborating with Iran on state-of-the-art renewable energy technology. Many areas in Iran are ripe for the utilization of solar and wind resources. Iranian organizations have undertaken numerous projects on optimizing energy consumption, as well as using renewable and pollution-free sources of electricity. But much more can be achieved if collaboration with leading renewable energy entities in the West could take place. This measure would demonstrate to the Iranian public and elite that Western concerns about

the Iranian nuclear program are not aimed at depriving Iran of sophisticated technology or a new source of energy, but is rooted in genuine proliferation concerns.

Participants could include the International Chamber of Commerce (ICC) Commission on Energy and Environment, western companies in the field of renewable energies, environmentalist NGOs on both sides and prominent universities. In addition, the collaboration should entail joint workshops at universities and research centers throughout Iran.

The central messages of this initiative would be:

- The West is not inherently opposed to transfer of energy technology to Iran;
- Iran’s energy needs can be addressed through renewable energies;
- Iran has the potential to be a hub for development of renewable technologies for the entire region.

Again, this project will have far greater impact if it has clear endorsement by the U.S. and E.U. governments. Having interviewed Iranian stakeholders in this sector, it has also been brought to our attention that Iran would welcome help from Western governments in drafting the needed government policies, including exchanges on subsidizing green energy sources. As such, the inclusion of representatives from regulatory agencies would also be a welcomed move.

## 3) Send the Head of the Science Committee on Capitol Hill to Tehran

A frequently discussed but rarely enacted confidence-building measure is creating linkages between the U.S. Congress and Iranian Majles. In the current context, domestic political



realities make this type of outreach challenging, but both sides have a handful of brave legislators that are willing to move forward on this idea if they have political protection from the highest levels of their respective governments. To that end, the U.S. can communicate directly to Ayatollah Khamenei and President Rouhani's offices its willingness to support outreach between American and Iranian lawmakers on mutually-agreed upon science issues.

A key component of this measure will be Washington's expressed intent of sending to Tehran the head of the science committee in congress to meet with his Iranian counterparts and set up working groups. The current head of the Majles Commission on Education, Research and Technology is Mohammad Mehdi Zahedi, a former minister of science and technology and also a mathematician by education. Attracting his support, as well as the support of the head of the foreign relations commission in the Majles (Alaeddin Boroujerdi), would be feasible.

By seizing the momentum and creating linkages between Iranian and American lawmakers, Washington can send a powerful message to Tehran: The most intransigent political body in the U.S. with the longest history of hawkishness on Iran is open to collaborate on non-sensitive scientific exchanges.

#### **4) Key University Presidents visit Tehran**

Like lawmakers, university presidents are high-profile figures in society that bring an air of respect and importance to the initiatives they undertake. In recent years, Iranian universities have increasingly fallen prey to sanctions and other forms of pressure, which in turn has reduced their links to the international community – even in non-contentious fields. This has strengthened the narrative of the hardliners and given it an air of accuracy, allowing them to argue that if the West is not seeking to prevent Iran's *overall* technological progress, why is it affecting Iranian universities in areas that are unrelated to the nuclear program? In an effort to remedy this, a noteworthy gesture on the part of the White House would be to send the presidents of prominent American universities to meet with their Iranian counterparts in Tehran as a first step. The expressed intent of these visits would be to build academic collaboration on mutually agreed upon science issues between institutions, professors and students in the U.S. and Iran.

Beyond establishing academic ties and joint projects, the exchanges can also help find solutions to the difficulties Iranian students have in seeking higher education in the U.S., including sporadic issuing of multiple entry visas, costliness of conducting visa interviews at U.S. embassies and consulates,

and the impact of sanctions on cost of living for Iranian students in the U.S.

Since the late 1990s, numerous well-known American universities have participated in science and technology dialogue or collaboration with their Iranian counterparts. At various times, these activities have taken place in Washington and Tehran. Such U.S.-based institutions include, but are not limited to: Harvard University, Yale University, Georgetown University, the University of California, Berkeley, the University of Maryland, and the University of California, San Francisco. A number of university deans in Iran are among the most supportive stakeholders of the positive-sum narrative, and such an event would energize them in their efforts to promote a new relationship with Western nations.

#### **5) Fulbright Program for Iranian Science Students**

A prominent feature of American outreach to the world is its Fulbright Program – the flagship international program sponsored by the U.S. government in an effort to increase mutual understanding. Over the past three decades, the Fulbright program has been virtually non-existent on Iran. Numerous political and legal issues stand in the way, but it is possible to construct a “Fulbright program in everything but name” for Iran. To that end, senior Obama administration officials and American lawmakers should offer to work with their counterparts in Tehran on the establishment of a Fulbright program for Iranian students to study mutually agreed upon fields of science in the United States while Iran permits and facilitates American students coming to Iran.

In an effort to “wow” the Iranian side, Washington should provide a significant pot of money – bigger than all but perhaps the current top two countries – to fund a large number of students, either through congressional allocation or donations from the wealthy members of the Iranian Diaspora. This program should also look at the possibility of sending U.S. students to Iran based on diverse scholarship programs. Working groups could be set up between American and Iranian officials to discuss and agree upon a joint set of modalities for the program.

Following through on this initiative would benefit Washington's strategic objectives in three important ways: it strengthens Rouhani's positive-sum narrative through a program built on a foundation of mutual interest and mutual respect; it demonstrates a willingness on the part of U.S. officials to invest in Iran's future and its human, intellectual and social capital; and last but not least, help remedy the knowledge gap resulting from 34 years of diplomatic estrangement. Only

a handful of American students have studied in Iran in the past two decades, which has contributed to the strategically precarious loss of “Iran knowledge” in the United States.

## 6) Environmental Initiative on Lake Urumieh

Inside Iran resides the largest lake in the Middle East and one of the largest salt lakes in the world. Lake Urumieh, located in northwest Iran, has been systematically drying for years, and the United Nations estimates that this crisis directly threatens the well-being of six million people while also affecting the lives of 76 million people in the surrounding area.<sup>5</sup> A 2012 assessment by the UN Environment Program was unequivocal: “Scientists have warned that continued decline would lead to increased salinity, collapse of the lake’s food chain and ecosystem, loss of wetland habitat, wind blown “salt-storms,” alteration of local climate and serious negative impacts on local agriculture and livelihoods as well as regional health.”<sup>6</sup> The U.S. and E.U. can significantly build confidence in Iran while strengthening the positive-sum narrative by offering to help organize an international seminar in the city of Urumieh that would bring together environmental experts to help find solutions to this man-made disaster. Within the same process, further cooperation is initiated between environmental entities in the West and the Iranian Environmental Protection Organization (EPO). The international stakeholders would be environmental NGOs, Western and Iranian universities, and the Iranian EPO.



The key messages of this initiative would be:

- The West shares Iran’s environmental concerns and wishes to cooperate in addressing these issues;
- An exchange of experiences in environmental protection can be useful for both sides. Scientific collaboration of this kind provides a common language and common values to engage Iran in a manner that is transparent and non-threatening, yet contains the seeds for closer engagement in other areas.

## 7) Air Pollution in Iran

Iran faces major air pollution challenges, especially given its growing population and declining infrastructure. Air pollution is perhaps the foremost major urban environmental concern, especially the emissions from automobiles. Millions of tons of pollutants are released into the atmosphere by motor vehicles each year. Schools, business and government offices must be regularly closed because of dangerously high levels of air pollution. In the last two years, there have been only 250 days with acceptable air quality in Tehran, and air pollution is estimated to be indirectly responsible for over 4,000 deaths annually.<sup>7</sup> Of the top ten most polluted cities in the world, four reside in Iran, with Ahvaz being the world’s most polluted city.<sup>8</sup>

Iranian government mismanagement is largely to blame for this increasingly dire problem. In Tehran – a city surrounded by mountains and inhabited by more than 10 million people (many of whom own automobiles) – negligence during Ahmadinejad’s



5 Pengra, Bruce. “The Drying of Iran’s Lake Urmia and its Environmental Consequences,” *United Nations Environment Programme*, February 2012, Available at: [http://na.unep.net/geas/getUNEPPageWithArticleIDScript.php?article\\_id=79](http://na.unep.net/geas/getUNEPPageWithArticleIDScript.php?article_id=79)

6 Ibid.

7 Mostaghim, Ramin. “Eyes Water, Throats Burn as Iran’s Capital Endures Siege of Smog,” *Los Angeles Times*, November 28, 2013, Available at: [http://www.latimes.com/world/worldnow/la-fg-wn-iran-capital-smog-20131128,0,2252444\\_story#axzz2mAlslMBa](http://www.latimes.com/world/worldnow/la-fg-wn-iran-capital-smog-20131128,0,2252444_story#axzz2mAlslMBa)

8 Rayman, Noah. “The 10 Most Polluted Cities in the World,” *TIME Magazine*, October 18, 2013, Available at: <http://science.time.com/2013/10/18/the-10-most-polluted-cities-in-the-world/>



presidency exacerbated an already long-standing problem. In 2010, an advisor to Tehran's mayor said that the government had asked environmental experts to refrain from publicly discussing air pollution problems.<sup>9</sup> In Ahvaz, the World Health Organization has cited heavy industry – including the crux of Iran's petroleum industry – as the main causes of air pollution.<sup>10</sup>

However, scientists also note that U.S. policies – both sanctions and the war in Iraq – have massively exacerbated air pollution problems. In Tehran (and elsewhere), U.S.-led sanctions began targeting Iran's gasoline imports in 2010. To make up for lost imports, Iran began converting petrochemical plants into refineries. Iranian officials have been quoted as saying that domestically produced gasoline contains 10 times the level of contaminants than imported fuel.<sup>11</sup> In Ahvaz, experts have tied record levels of pollution to the environmental damage done in Iraq during the U.S. invasion in 2003. The head of Iran's Meteorological Organization said that the warfare flattened the earth into dust, destroyed agriculture, and dried the tidal flats – all of which has increased the amount of sandstorms and dust haze floating into Iran from Iraq and spiked air pollution to increasingly dangerous levels.<sup>12</sup>

As a former Iranian diplomat with strong ties to the Rouhani camp told us: "Clean air to breathe is as critical as bread on



the table – it's tangible for everyone. If the West can help fix this problem, it will go a very long way undermine the hardliner narrative in Iran."<sup>13</sup> To that end, the U.S. and its allies in Europe should offer to facilitate the export of state-of-the-art pollution reduction and control technology to Iran. In addition to facilitating such exports, Western countries can offer to reinvigorate science exchange programs between American, European and Iranian scientists working on pollution-related issues. A two-pronged approach of offering previously unavailable pollution relief assistance *and* the



9 Dehghan, Saeed Kamali. "Tehran Chokes and Blames Sever Pollution on U.S. Sanctions," *The Guardian*, December 9, 2010, Available at: <http://www.theguardian.com/world/2010/dec/09/iran-tehran-pollution-petrol-sanctions>

10 Jordans, Frank. "WHO: Iran, South Asia Worst for City Air Pollution," *Associated Press*, September 27, 2011, Available at: <http://news.yahoo.com/iran-south-asia-worst-city-air-pollution-122433324.html>

11 Fassihi, Farnaz. "Iranians Blame Smog on West's Sanctions." *The Wall Street Journal*, December 11, 2010, Available at: <http://online.wsj.com/news/articles/SB10001424052748703727804576011722938628008>

12 "Iran Blames U.S. for Rising Pollution," *Radio Zamaneh*, October 1, 2011, Available at: <http://archive.radiozamaneh.com/english/content/iran-blames-us-rising-pollution>

opportunity for scientists to exchange knowledge on equal footing will demonstrate to all Iranians that Washington is actively seeking to dismantle the perception that it deprives Iran of science and technology. This, in turn, will empower the narrative of the moderates and help keep reactionary elements in Iran on the defensive.

13 Interview with Iranian diplomat.

## CHAPTER 5

# Conclusion

### SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis of Our Approach

Any initiative in building confidence between Iran and the U.S. will face challenges and issues. However, when analyzing the strengths, weaknesses, opportunities and threats, one can assess how manageable these challenges will be and what needs to be done. Below, we have analyzed these issues and provided recommendations:

#### Strengths

- Science and technology is desired across Iran's political factions and very few forces will be able to object to such initiatives;
- A number of the mentioned areas of scientific exchange are fields where Iran has also progressed significantly and the exchange would not be one-sided;
- A large number of Iranian-Americans and related NGOs are also active in the fields of science and technology and can help facilitate the processes;
- In a number of areas, Western scientists will also benefit from their interaction with Iranian scientists, especially in fields where Iran has had considerable progress;
- Scientific cooperation offers a non-controversial path of promoting the positive-sum narrative and encourage Iran to move in a collaborative and moderate direction both externally (such as Tehran's regional policy) and internally (e.g. the human rights situation in Iran.)

#### Weaknesses

- The fact that the initiatives will come from the U.S. and E.U. side will be met with suspicion and opposition in some quarters in Iran;
- Existing sanctions will compel many U.S. entities to not entertain these initiatives;
- A conspiratorial mindset on the Iranian side may interpret the initiatives as an American scheme to spy on Iran's scientific development or infiltrate the Iranian society;

#### Opportunities:

- Use the potential of Iranian-American and Iranian-European citizens as well as NGOs in implementing the initiatives;
- Use the projects as an opportunity for public diplomacy to acknowledge Iran's technological progress, while signaling that the U.S. and E.U. are not opposed to such advancements in Iran;
- Identify suitable Iranian partners (from the political sphere, but also from NGOs, universities, medical entities, etc.) to improve the prospects of success for each initiative;
- Engage the Iranian society and public in manners that have not taken place for 34 years.

### Threats:

- Emergence of projects and statements by opponents of engaging Iran which would undermine the prospects of success;
- Harsh reactions from hardline forces in Washington and Tehran, as well as the region;
- Inter-cultural tensions in implementing the projects;
- Objections on the grounds that these exchanges benefit Iran.

### Recommendations Going Forward:

- The ideas will have to be developed alongside strong Iranian partner organizations, and they would have to be presented as joint ideas between U.S., E.U. and Iranian entities;
- In some initiatives, it may be advisable to include other regional players to also consolidate regional partnership on the selected issue;
- Careful wording and public relations around each initiative will be very important, and one needs to avoid any statements that may be seen as degrading to the Iranians side;
- In some cases, it is enough to produce goodwill among targeted groups (such as the business community or the association of Iranian doctors) to achieve the original objective of breaking the anti-Western narrative. Therefore, targeted communication is preferred;
- It is advisable that in some cases one also discusses the initiatives with their opponents (indirectly through interlocutors) so that one can have an idea of what kind of responses to expect and to prepare for such responses. This could be done by the Iranian partners;

These measures will not guarantee success, but as in any political undertaking, one must play the odds. Empowering the positive-sum narrative in Tehran represents an opportunity for the West to maximize this opening, which may be the last best chance at solidifying a new, more collaborative and less hostile orientation among Iran's political elite. Furthermore, each of the measures outlined in this report are low risk, high reward initiatives. They send real signals to Iran in its *entirety*, while also placing the onus of potential rejection and mismanagement on the Iranian government.







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