

IRAN TRACKER

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Special Report on Possible Changes in Iranian Foreign Policy

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President Rouhani and Supreme Leader Khamenei's [recent rhetoric](#) portrays an Iranian regime weighing significant shifts in its foreign and economic policies, including its negotiating position at the nuclear talks. Rouhani has fought since his 2013 election to correct serious flaws he sees in Iranian policy: an [excessively confrontational relationship with the United States](#), unnecessary and damaging isolation from the international community, pervasive [public corruption](#), and [an IRGC overly dominant](#) in the economy. Rouhani argues that these problems threaten the economic and political viability of the Islamic Republic. The recent collapse of oil prices has given his warnings new urgency.

Khamenei has either endorsed or withheld criticism of Rouhani's approaches and given the president notable leeway in executing his policies thus far. Khamenei agrees that international sanctions against Iran must be removed and has [supported](#) Rouhani's negotiations with the U.S. and the P5+1 even against hardliner attacks. The Supreme Leader also appears to recognize the need to [rebalance the IRGC's relative power](#) in the economy by backing the president's economic and foreign policies that have de-emphasized the Guard's role and by [enforcing greater cooperation](#) between the president and the Corps. This task has likely proven easier because of the Guard's focus on fighting wars in Iraq and Syria and expanding Iranian influence in Yemen. Its success in those efforts solidifies its central position in the regime even if it loses some of its economic power.

There are limits, however, to Khamenei's enthusiasm for Rouhani's initiatives. No public figures have been named or charged in the anti-corruption campaign, suggest-

ing that the effort will not target any of the regime's political and financial leaders—or, perhaps, that it is more focused on persuading kleptocrats to ["return" money to the treasury](#) than on actually rooting out, let alone punishing, corruption. Khamenei insists the United States is still Iran's greatest enemy, and the Supreme Leader remains an advocate of building an autarkic ["resistance economy"](#) independent of the international financial system and immune from sanctions. Yet the [devastating impact](#) of falling oil prices has apparently persuaded the Supreme Leader to allow Rouhani to continue pushing the envelope in his statements. Rouhani's [speech on January 4](#) must be seen in this context, with its call for referendums on major national issues and for Iran's foreign policy to reflect state interests rather than ideology.

Tehran has long recognized that circumstances can require temporary compromises on revolutionary ideals in order to preserve the republic. The Supreme Leader reluctantly approved negotiations about the nuclear program in 2003 and again in 2013, but [was adamant](#) that the nation's nuclear infrastructure not be dismantled or scientific progress reversed. Rouhani's recent comments go further, however, suggesting that Iran should be willing to reduce its centrifuge capacity to pursue more important foreign and economic policy objectives. This time, Khamenei did not respond directly to that suggestion. He repeated his standard expressions of distrust of the United States, but in speeches on [January 7](#) and [9](#) did not reject the prospect of referendums or talk about centrifuge-number red-lines.

If Khamenei adopts Rouhani's more conciliatory approach to foreign policy—or even Rouhani's views on

the economic situation—then the IRGC and conservative leaders will likely begin to push back. [Recent comments from](#) IRGC Commander Ali Jafari, Basij Commander Mohammad Reza Naghdi, and elements of the conservative press are likely the start of this internal resistance. Iran's negotiating position as the P5+1 talks restart this week will be an important indicator of the direction of the Supreme Leader's thinking. If Rouhani is winning the argument with the Supreme Leader, then we would expect to see Foreign Minister Javad Zarif with more room to maneuver, especially on the number of centrifuges. If we don't see new bargaining positions from Iran, then we can deduce that Khamenei is just not willing to go there yet.

A greater question is whether this potential policy realignment across several critical foreign and domestic issues – and not just the nuclear negotiations – is the result of short-term pressures or long-term adjustment. A de-escalatory approach to the US and international community may only be a temporary reaction to the momentary pressures of low oil prices and strong sanctions. It may be a position easily reversed once circumstances change. Or, perhaps, the Supreme Leader is becoming more conscious of the need for more substantive changes if the regime is to survive. In any case, the nuclear negotiations are only one part of a complex tangle of issues Iran's leaders are working through. The West cannot understand Iranian positions in the talks without wrestling with the internal complexities behind them.

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