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“The Iran-Syria Nexus and Its Implications for the Region”

**Testimony before the
House Committee on Foreign Affairs,
Subcommittee on Middle East and North Africa**

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Good afternoon, Chairman Ros-Lehtinen, Ranking Member Deutch and other Members of the Subcommittee. I am honored to have this opportunity to testify today before the House Foreign Affairs Subcommittee on the Middle East and North Africa.

My objective here today is to address how the June 14, 2013 election of Hassan Rouhani to the presidency of Iran might reshape that country's foreign policy and, in turn, affect Iran's relations with Syria and Hezbollah. The views expressed in this testimony represent my own analytical assessment, and do not reflect the positions of the United States Institute of Peace (USIP), which does not take policy positions, or of Georgetown University, where I am Co-Director of Democracy and Governance Studies.

Rouhani's Election and the Nexus of Domestic and Foreign Policy

Both before and after his election, President Rouhani has stated that his new government will regain the trust of Iran's citizens at home, and rebuild Iran's frayed relations abroad. He has called for domestic "reform," by which he seems to mean the renewed inclusion of political leaders and groups that were previously excluded from politics and the provision of some basic civil rights to these groups. He has also argued that pursuing these domestic goals requires diminishing international conflicts that former President Mahmoud Ahmadinejad and his hard-line allies used to justify the repression of Iran's Reformists. Thus, Rouhani and many of his allies seem to envision a more flexible foreign policy that would reduce international tensions sufficiently to enact these domestic reforms.

The chances that Rouhani will achieve some limited success on the domestic front are good, if only because a wide spectrum of groups -- including some within the "Principlist" camp that had previously supported Ahmadinejad -- now argue that reviving Iran's economy and

regaining the trust of the people are vital to reviving the Islamic Republic's battered legitimacy. However, Rouhani and his allies are unlikely to depart from the overall national consensus regarding security issues. If Rouhani seeks to move away from confrontation with the West to engagement and cooperation, he is likely to face significant domestic obstacles. These obstacles include ultra-hardliners who are loathe to see moderate rivals use success on the international stage to strengthen their popularity at home. Rouhani is unlikely to risk provoking retaliation from hard-liners – and the Supreme Leader – by advocating a fundamental change in Iran's approach to Syria or Hezbollah. But even as he pays close attention to these red lines, Rouhani will probably continue looking for opportunities to promote a more flexible foreign policy – one that in turn might ease the political situation at home.

My bottom line is this: while the United States should be cautious, we should not dismiss, out-of-hand, opportunities to engage Rouhani or take actions that undercut Rouhani or inadvertently reinforce opponents of a political opening. Instead, the United States should test him and his new government and see whether a negotiated settlement is possible. Pushing for a Palestinian-Israeli deal and pursuing negotiations on the nuclear issue could offer two such tests, as I will explain below.

Rouhani's Surprise Victory

In order to identify opportunities for United States policy it is important to understand the social and political struggles that set the stage for Rouhani's surprising June 14, election victory. These dynamics can be summed up as follows:

- 1. Rouhani's election owes much to the "boomerang" effect of the repression visited upon the Green Movement following June 2009 elections.** Although Ahmadinejad and

his hard-line allies succeeded in shutting down the Green Movement, their repressive policies produced two unintended consequences. First, these policies reinforced the determination of political leaders who had once been part of the system itself, such as former Presidents Khatami and Hashemi Rafsanjani, to forge common strategies for reviving the push for political reform. Second, they generated a widespread legitimacy crisis for the regime itself. This legitimacy crisis induced some leaders in the Principlist Camp who had previously supported Ahmadinejad to break with him, and to start envisioning how the political system might be reopened to forces formerly excluded from it. One of these leaders was Rouhani himself.

2. The regime's legitimacy crisis was compounded by the negative effects of Ahmadinejad's disastrous economic policies, which were amplified by international sanctions. The negative effects of the welfare, fiscal and pseudo-privatization policies pursued by Ahmadinejad exacted high costs for important business groups. Indeed, many Principlists who had previously backed Ahmadinejad now assailed him for his "bombastic" language. That language, they claimed, had helped to isolate Iran and justify onerous sanctions, thus undermining their own business interests. This critique linked the domestic struggle against the hard-liners to the international arena. Indeed, many reformists argue that their capacity to push for sound economic policies required getting rid of sanctions.

3. The 2013 elections opened a chance to widen the anti-Ahmadinejad alliance. In the lead-up to last month's election, influential Principlists such as Nateq Nour (who had run against Khatami in the 1997 presidential election), prominent reformists such former Presidents Rafsanjani and Khatami, and Hassan Khomeini (grand-son of Ayatollah

Khomeini), joined ranks to support Rouhani's candidacy. Rouhani's bold challenge to his three Principlist opponents in national TV debates cemented a last minute surge of popular support. In what must have been a surprise to Rouhani himself, he slipped past the remaining divided field of Principlists with 50.7 percent of the 36 million votes cast, a turnout of 72.7 percent.

The Wider Social and Political Significance of Rouhani's Election

What can we expect from Rouhani and the new government he is assembling? First, it is important to recognize that Rouhani's election was in some senses a fluke, partly brought on by the hubris of his rivals. Moreover, past official positions, statements or writings are not clear guides to his emerging foreign policy orientations. However, by considering the evolving social, political and economic conditions that helped make his election possible, we can begin to make some educated guesses about what Rouhani's domestic and global agendas might look like, and the steps he might take to advance them.

In the domestic arena:

- 1. Rouhani will try to respond to the reenergized electorate that propelled him into the presidency, while trying to reassure hard-liners that his reforms are consonant with the overall interests of the Islamic Republic.** His efforts to walk this fine line will be risky: Rouhani will probably seek to revive the mechanisms and norms of popular representation that the hard-liners had previously tried to strip away. But he will do so knowing that hard-liners might try to shut down another effort at internal reform.
- 2. In balancing popular expectations and hard-line pressures, Rouhani will have to accommodate the Supreme Leader Khamenei, or at least gain his tacit acquiescence**

to his policy initiatives. This will not be easy because Rouhani represents social and political interests that are distinct from those of the Khamenei and some of his closest allies. Still, the Khamenei was not only surprised by Rouhani's last minute surge: Khamenei was probably unwilling to intervene lest he preside over a repeat of June 2009 and thus further erode the regime's legitimacy. Thus Khamenei may have an interest in reaching an accommodation with Rouhani.

3. **Given Rouhani's long-standing ties to the clerical establishment, he will have to make his agenda palatable to the clerics.** This represents a significant challenge. Rouhani only garnered 38 percent of the vote in the seminary capital of Qom. Ultimately, the clergy views him as a politician and cautious reformer whose policies may or may not be favorable to the clerics themselves. We should expect a complex dynamic of negotiations between Rouhani and the clerics whose ultimate outcome is hard to predict.
4. **The challenges of reaching internal accommodation among diverse forces will prove especially tricky when it comes to the Revolutionary Guards.** It is true that the Guards have extended their reach and power in recent years. Still, their ranks remain vulnerable to many of the social and political fault lines that have divided the broader Principlist Camp. This fact was amply demonstrated when a section of the Guards voted for Rouhani. Rouhani may try to find ways to reach out to this potential constituency. The fact that the Principlist Camp itself is now in disarray, and that some in their ranks are reaching out to Rouhani himself, may help Rouhani deflect pressures from the Revolutionary Guard.
5. **Rouhani's priority will be to address the negative effects of the previous government's economic, welfare and "privatization" policies.** Focusing on economics

is smart politics because a diverse array of groups are clamoring for economic changes. Rouhani will probably try to reduce rampant spending and expansion of the money supply, while trying to reverse the effects of a corrupted privatization scheme that funneled “welfare shares” to favored cronies of the previous regime.

- 6. The success of these economic reforms will partly depend on the future of the international sanctions imposed on Iran.** Rouhani has made it clear that reducing or removing these sanctions is fundamental to any effort to repair the damage of the previous government and to creating a climate that will benefit both private and public sector businesses, whose fates are tied to the international, Western-oriented global economy.

In the foreign policy arena:

Given the balancing act that Rouhani will have to pursue in the domestic area, we should expect -- particularly at the outset -- a cautious foreign policy that pivots around the following:

- 1. Rouhani will not break with what Iranian leaders consider Iran’s key strategic interests.** Thus it is hardly surprising that he has reiterated his principled support for Iran’s alliance with Hezbollah and with Syria’s current government as represented by Beshir Assad. Nor it is surprising that Rouhani has defended Iran’s Non Proliferation Treaty “rights” to create a “peaceful domestic nuclear program” that includes domestic uranium enrichment. To stray from these positions now would provoke his rivals and undermine his longer-term domestic reform agenda.
- 2. Whether in the longer run Rouhani has the capacity to demonstrate greater flexibility on these and other foreign policy issues remains to be seen.** Escalating

conflict between Iran and the international community would complicate this task. In the past, hard-liners tried to justify the repression of reformers by arguing that their desire for an opening to the West would weaken Iran, or by arguing that reformers were a front for Western influence. Because international conflict reinforces the leverage of hard-liners, Rouhani's efforts to open up the political system at home will partly depend on reducing Iran's disputes with its neighbors and the wider international community. His own statements suggest that he is aware of this challenge and he means to address it.

- 3. As Rouhani creates his cabinet -- assuming he gains the parliament's backing for this cabinet -- he might use domestic leverage to show flexibility on some foreign policy questions.** Rouhani has stated his opposition to international intervention of Syria. But he has adopted the Russian/Chinese formula calling for respecting the "ultimate wishes of the Syrian people" and their right to determine their own destiny. Rouhani's call for a more cooperative relationship in the regional and global arenas comes on the heels of rising concerns -- expressed by Iranian leaders -- regarding escalating Shi'ite-Sunni sectarian conflict in the Gulf and Levant. Iranian leaders face the task of balancing their support for Hezbollah with the need to prevent another civil war from erupting in Lebanon. Such a civil war could destabilize the entire region, and Iraq in particular, where Sunni-Jihadists are escalating their attacks on the government. Similarly, Iran's leaders must balance their support for Shi'ites in the Gulf with their need to maintain trade and financial linkages with the region. Rouhani may try to create a new foreign policy team that has the experience, knowledge and instincts to address these multiple challenges and interests. The apparent appointment of former Iranian UN ambassador Javad Zarif to the position of Foreign Minister is an encouraging signal.

4. The most likely area for innovation from Rouhani and his allies is on the nuclear issue.

Having previously served as Iran's chief negotiator on nuclear issues, and having assailed the previous government's "mishandling" of these issues, Rouhani will probably push for a more robust process of negotiations with the West. The question is whether this will be merely tactical maneuvering or a reworked *strategic* approach that might create the basis for a mutually acceptable compromise. On this question, it is worth noting that during the 2013 election campaign, Rouhani and former Foreign Minister Velayati (a prominent Principlist) assailed Saeed Jalili, Iran's chief nuclear negotiator, for considering concessions without an overall road map of the ultimate shape of a final agreement. The fact that Iran's leaders, and Rouhani in particular, may now press for such a roadmap, and that they might be willing to define their bottom lines, presents both an opportunity and a challenge for Western and American diplomacy in particular.

The United States Response: Testing Rouhani and his Allies

How should the United States respond to possible changes in Iranian policy and behavior? I suggest the following observations:

- 1) **On the nuclear issue, for many years, the United States and Iran have avoided any serious discussion of the parameters of a final agreement. Because Rouhani and his allies see progress on the nuclear front as crucial to advancing economic and political reforms at home, they might be ready to define Iran's bottom line and on that basis, seek a more comprehensive nuclear deal.** If Rouhani's new government moves in that direction, the United States must also have its ultimate goals clearly in mind and be willing to test Iran's intentions by offering significant incentives to reach an

agreement. These incentives must include a road map for ultimately removing international sanctions against Iran.

- 2) **Absent the readiness of either or both sides to make the concessions necessary for a comprehensive nuclear deal, the United States should consider modest sanctions relief that it could offer in response to positive moves by the new government to step away from the hard-line positions of past regimes.** We should remember, however, that “positive incentives” (as they are called in the negotiating business) such as incremental sanction relief may not have the intended positive effect unless -- at some point or other -- both sides can start talking about the shape of an ultimate deal.
- 3) **Beyond the nuclear issue, the most important way the United States can effect change in the foreign policy direction of Rouhan’s new government is to change the strategic context in which Iran is operating in the Middle East.** If United States-facilitated Palestinian-Israeli negotiations lead to an agreement, Rouhani’s government will be under considerable pressure to accept it. After all, the international community, and Western Europe in particular, will rebuff Rouhani’s efforts to engage on the political and especially economic fronts if he rejects a peace deal agreed to by Palestinian and Israeli leaders. Former President Khatami’s formula -- according to which Iran will accept any negotiated outcome acceptable to the Palestinians -- may provide Rouhani with the political cover he needs to accept a Palestinian-Israeli deal in order to sustain his other foreign policy initiatives.

In conclusion I would offer the following thought. The United States wants to make progress on crucial security issues, particularly the nuclear question. It is also important to support realistic chances for reopening Iran’s political and economic arenas after years of

repression. Iran's reformist leaders – and the wider electorate -- know that the struggle for change will take years, and that it will only come by reaching accommodations and making compromises. Rouhani and his allies are seeking the domestic and international space to tackle these challenges. It is in the interest of the United States to find ways to make the task of long-term change possible, while at the same time addressing our fundamental security interests. It is time to begin a conversation as to how we might pursue both aims.

Thank you and I am happy to take questions.

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