
public criticism of Iran’s nuclear diplomacy and its failures signaled in June 2013 that a shift already had occurred in Iran’s top decision making circles. Indeed, it could be argued that Rouhani’s moderate government came to power because the Iranian regime had grown more inclined to resolve the nuclear conflict and not the other way around.¹

To support this claim and answer the myriad of questions surrounding the prospects of reaching a comprehensive agreement by the November deadline—or soon thereafter—requires insight into the Iranian regime’s decision-making process, insight that, for the most part, has eluded analysts due to the opaqueness of the Iranian political system. This Brief argues that a deeper insight is possible by comparing the circumstances and mechanisms that led to the Islamic Republic’s decision to end the war with Iraq in 1988 with those prevailing today.

Iran’s acceptance of the 1988 ceasefire and the subsequent signing of the peace treaty with Iraq in 1990 stand, until now, as the most important experience in resolving an external conflict in the history of the Islamic Republic. By August 20, 1988, when the two sides reached a ceasefire agreement after eight years of conflict, more than 300,000 people had died in the longest war of the twentieth century with close to $440 billion of damage incurred by Iran.⁴ Using documents made public since 1988, this Brief demonstrates that although the political players have changed in the past two decades, there are important similarities between the conditions that prevailed and the logic that led to Iran’s decision to accept the UN proposal to end the war with Iraq and the conditions and logic that now affect its nuclear negotiations with the P5+1. The Brief makes this argument by comparing these two crises along three common dimensions: economic, religious, and ideological. It then uses the insights gained from this comparison to contextualize the new composition of Iran’s Strategic Council for Foreign Relations (SCFR) as the latest step in the Islamic Republic’s attempt at conflict resolution.

The Economic Dimension

Iran’s economic crisis in 2012-13, when growth plunged to a low of negative 5.6 percent under crushing international sanctions, most resembles that of the final years of the Iran-Iraq war. Lack of resources during the second half of the 1980s had pushed the Iranian economy to an unmanageable brink. According to official Iranian reports, the dual necessity of fighting a prolonged war and providing for the population in the first decade after the 1979 revolution had created an unsustainable situation. According to former President Ali Akbar Hashemi Rafsanjani, Iranian experts then estimated that in order to win the war against Iraq, several more years of fighting plus nuclear weapons were needed.³ But Ayatollah Ruhollah Khomeini’s initial response to reports on resource shortages in the country was: “If you are out of Rial [Iran’s currency], I will ask the people to pay more taxes; if you are without soldiers, I will declare jihad; and if foreign currency deficit is your problem, work out a solution yourselves.”⁶

By 1986, Iran’s oil revenue plunged to a record low of 6.2 billion dollars (down from 21.8 billion in 1982).⁷ Ignoring the revenue crisis, the Islamic Revolutionary Guard Corps (IRGC) commanders, who were keen on continuing the war, were enraged and claimed that the government had spent only 20% of Iran’s hard currency reserves on the war.⁸ Thus, a conflict thus arose between what the IRGC demanded and what the government actually had the capacity to provide.
Rafsanjani responded to the IRGC’s demand for more provisions by noting: “We are not even able to provide your soldiers with laces to tie up their boots.”

Khomeini, who favored the prolongation of the war, suddenly shifted positions based on the warnings issued by economic experts, even though he never publicly acknowledged the economic constraints as reasons for accepting the ceasefire. Specifically, what seemed to have changed his mind was a letter he received from the head of the Budgeting and Planning Organization, which in addition to enumerating the myriad of economic problems the country was facing, claimed that the Islamic Republic had no choice now but to choose between “expanding the revolution” and “holding on to power.”

This letter was a turning point in the history of the Islamic Republic. Khomeini’s acceptance of U.N. Security Council Resolution 598 implied his preference to hold onto power over the oft-repeated revolutionary slogan of “War, War, until Victory.” Not surprisingly, the IRGC and war veterans were extremely dissatisfied with this decision. In his historic message on accepting the ceasefire, Khomeini anticipated their displeasure by stressing both his revolutionary convictions and his support for the pro-peace camp against the pro-war circles. He reiterated his preference for the continuation of the war and his passion for martyrdom while at the same time expressing his trust in the high ranking officials and military experts who pushed for ending the war.

Economic dilemmas have played the same role in the nuclear case as they did in forging the decision to accept peace with Iraq. To a large extent, Rouhani’s election reflected Khamenei’s acceptance of the need to deal with Iran’s deteriorating economy. In mid-2012, as the country experienced crippling recession and skyrocketing inflation, three ministers from former President Mohammad Khatami’s reformist government (1997-2005) met with Khamenei and impressed upon him the dire state of Iran’s economic situation. This meeting seems to have set in motion a series of developments that eventually led Khamenei to support holding a competitive election in 2013 and to permit explicit criticism of the government’s nuclear policy—a subject which until then had been off-limits for public debate—that in turn set the stage for Rouhani’s success in the election.

Considering Khamenei’s staunch stance on perseverance in the nuclear conflict until that point—similar to Khomeini’s stubborn inclination towards the prolongation of the war with Iraq—many deemed it improbable that after the disputed 2009 presidential election Khamenei would acquiesce to both competitive elections and a shift in nuclear policy. Nonetheless, much like his predecessor, Khamenei simultaneously supported the nuclear negotiators whom radical circles had dubbed as “compromisers,” while publicly expressing his skepticism regarding the prospects of these negotiations.

The strategy adopted by Khamenei echoes Khomeini’s historic phrase that “safeguarding the Islamic Republic is more obligatory than any religious duty.” The actions of both supreme leaders suggest that despite some of Iran’s ideologically motivated foreign policy maneuvers, macro foreign policy decisions are rooted in their economic ramifications and are based on practical considerations, namely the longevity of the regime.

The Religious Dimension

All Muslims—Sunni and Shi’a—agree on the Quran and the Prophet’s life as the two sources upon which governance is predicated. But Shi’a Muslims also emulate the example of the Prophet’s family and generations that came after him. The two most distinctive models for settling disputes in Shi’ism are found in the praxis of the Prophet’s two grandsons. While his older grandson, Hassan, signed a peace treaty with the caliph of his time in order to keep the Muslim community intact, the younger, Hussein, fought a battle to the death in Karbala some twenty-two years after the peace treaty was signed by his brother. The conundrum over adopting either one of these measures, i.e., peace for the sake of preserving power, or declaring jihad on the adversary, has been a subject of heated debate among Shi’ites. It was in this context that in 1986, six years into the war with Iraq, Khomeini compared his times to that of the Islamic “Golden Age:” “Peace was imposed on Imam Hassan but we should not take the same deal.”

A few months later, he similarly remarked that “Saddam is the end route to Hell,” and that “talk of peace is not relevant today...those always ensnarled by the U.S. are the ones who speak of peace.”

As a Shi’a source of emulation (marja’), Khomeini combined his religious and political authority to reject the peace treaty signed by Imam Hassan. But the pro-peace camp in the government and parliament used the same Shi’a literature to sway Khomeini to accept the need to end the war. In a letter to Prime Minister Mir Hussein Musavi in 1987, which was also presented to Khomeini, Masoud Zanjani, the minister of budgeting and planning, stated: “You are either after prolonging the revolution or protecting the system. If protecting the system is important, then we must choose that path (like Imam Hassan.) If you are after prolonging the revolution, then we are [already] on the path of Imam Hossein and [we] say that we are not seeking to protect the regime.”
As debates and conflict over war or peace became more intense, Rafsanjani proposed a middle ground that was also predicated upon Shi’a teachings. At its core was the idea of peace after a victorious offensive on the enemy, a peace that was the result of triumph in the war followed by compromise—a combination of the different methods adopted by the two Imams. Fittingly, the last offensive in the Iran-Iraq war was called Karbala, in remembrance of Imam Hussein’s last battle. According to the IRGC commander at the time, it was the victory in that operation that set the stage for the acceptance of UN Security Council Resolution 598. Rafsanjani’s proposal to carry out the Karbala operation thus reconciled Khomeini’s disinclination to compromise with the demanding realities of peace.

Rouhani, who played similar roles in both the war and the nuclear crisis, in a 2011 interview referred precisely to this precedent when he said: “[During the Iran-Iraq war], people believed in courage on the model of Imam Hussein, i.e. in Imam Khomeini’s war time behavior who said we stand to the end. But peace on the model of Imam Hassan also needs a lot of courage...Imam [Khomeini] had both types of courage, meaning that he both resisted during the war and when he felt that the war needed to end he said I drank the cup of poison and accepted the [ceasefire] resolution.

Khamenei has also used similar religious language to navigate between his own uncompromising rhetoric over the nuclear issue and the practical necessities of Iran’s economic situation. In 1996, in one of his most famous speeches titled “Lessons from Ashura,” Khamenei explicitly endorsed Imam Hussein’s policy of no-negotiations by stating that one was obliged to fight evil and that regardless of winning or losing, the outcome was victory. However, in 2013 when the economic conditions of the country had deteriorated in a fashion similar to that experienced during the final years of the Iran-Iraq war, Khamenei resorted to Imam Hassan’s peace, dubbing the new negotiating strategy of Iran as “heroic flexibility.” At the same time, he continued to push Iran’s nuclear program forward, chastising the compromising policy adopted by Khatami’s administration (in which Rouhani had served as the chief nuclear negotiator from 2002 to 2005), agreeing to Iran’s withdrawal from its previous commitment to implement the stipulations of the Treaty on the Non-Proliferation of Nuclear Weapons’ (NPT) Additional Protocol, and the resumption of uranium enrichment in 2005. This act of withdrawing from the Additional Protocol and resuming uranium enrichment, similar to the continuation of the war and Operation Karbala in the late 1980s, gave Iran a full array of options at the negotiations table, even as it resulted in greater economic pressure. After defying the UN Security Council resolutions and continuing enrichment, tougher sanctions were applied against Iran. Yet increasing the number of centrifuges to 19,000, up from 200, provided Iran with “more cards to play” at the negotiating table for a comprehensive agreement.

The logic of war to achieve “the best peace” (or “honorable peace”), which was a pragmatic combination of the policies adopted by the Prophet’s two grandsons, has thus been adopted by both supreme leaders of the Islamic Republic. This demonstrates that the Islamic Republic’s revolutionary behavior is clearly bound by the country’s management and governance requirements, as well as by the imperatives of preserving the regime.

The Ideological Dimension

In today’s Iran, the political elite is roughly divided into two camps—representing the two poles of reconciliation and resistance—the “Worried” and the “Valiant.” By the end of the war with Iraq, the political elite was similarly divided between those favoring peace and those favoring the continuation of the war. The dominant inclination among the IRGC was to continue the war until victory, which was defined as capturing Karbala and toppling Saddam Hussein’s Ba’ath regime. By contrast, most members of the executive branch and especially the Ministry of Foreign Affairs defended the pursuit of a peace based on preserving national sovereignty. The conflict between the two factions continued through the war and even into the post-war reconstruction years.

In July 2014, around the anniversary of the end of the war with Iraq, Rahim Safavi, former commander of the IRGC, accused Rafsanjani, who in the 1980s was also the deputy commander-in-chief of the war, of ending the war in order to preserve the resources of the country in the service of his own personal power. Mohsen Rafighdoost, who had been the minister in charge of IRGC affairs during the war, similarly has said that other than Khomeini who truly believed in the motto “War, War until Victory,” the rest of the country’s politicians only cared about their own personal interests. As a result, he claimed, the government did not support the war the way it should have and consequently, peace had been imposed on Khomeini. We now know that in the mid-1980s Rafsanjani, together with Ali Akbar Velayati, then foreign minister, and the foreign ministry team in Tehran and New York had already begun their efforts to bring the war to an end on the condition that Iranian sovereignty over its territories be preserved and the aggressor state be determined by the international community. Rouhani, who at the time served as the head of the Iranian Parliament’s Defense Committee, attested to the tensions between
the two camps noting that “the IRGC believed that the war must be continued and in 1985 even suggested that a military government should be formed, but I told them this was an irrational idea, and Mr. Rafsanjani agreed with me.”28

Despite the obvious differences between the two camps over the continuation of the war, it was Khomeini’s maneuvers that actually prevented either side from completely eliminating the other. As mentioned earlier, until the last year of the war, Khomeini explicitly defended the war’s continuation to the degree that even to this day, the Iranian public continues to believe that while Khomeini wanted to continue the war, politicians such as Rafsanjani imposed the ceasefire on him. Thus, by accepting the ceasefire and yet comparing his acceptance to “drinking a cup of poison,”29 he was able to avoid any tarnishing of his revolutionary credentials.

This dual approach is being repeated today by the second Supreme Leader of the Islamic Republic with regard to the nuclear negotiations. During the past twelve years that the nuclear file has been at the core of the dispute between Iran and the West, Khamenei has continuously defended Iran’s nuclear activities under the slogan “moving forward and resisting [emphasis added].” As late as in 2013, when he allowed the unprecedented bi-lateral direct Iranian-U.S. talks in Oman, Khamenei simultaneously continued to express pessimism regarding the prospects of such talks yielding an agreement.30 As the talks were taking place, Khamenei continued to call the U.S. an enemy and emphasized the substantial differences between revolutionary Iran and the West.31 Much like Khomeini, Khamenei consistently defines himself publicly as a supporter of “resistance” over the nuclear issue, while giving Rouhani’s moderate foreign policy team permission to actively engage in negotiations.

Understanding the New Strategic Council on Foreign Relations

The SCFR was founded by Khamenei during the first year of Mahmoud Ahmadinejad’s government. In the 2006 decree establishing the Council, Khamenei charged the new body with three responsibilities: preparing foreign policy strategies, adapting foreign policy measures to Iran’s 20-year vision plan, and coordinating activities in foreign policy. The Council was formed at a time when Rouhani and his team had been removed from the management of the nuclear file, and the foreign minister and his deputies had also been replaced with more radical figures of the Ahmadinejad administration. But the makeup of the first Council was that of predominantly ex-ministers from both the Khatami and Rafsanjani cabinets, a surprising move considering that in 2006 there was a consensus that Ahmadinejad’s foreign policy had the supreme leader’s endorsement.

In June 2014, when Khamenei appointed the new members of the SCFR, the BBC noted: “This Council will probably play the role of the consultative to the Leader of the Islamic Republic of Iran in foreign affairs so that critics of the diplomatic viewpoint of Rouhani’s government can directly express their worries through this Council.”32 This interpretation arose from the makeup of the new Council: Khamenei picked half of the members from among Ahmadinejad’s former administration who were seen to be in opposition to President Rouhani’s foreign policy. Government officials have explicitly stated many times that the details of the nuclear negotiations are being worked out with the permission and knowledge of Khamenei.33 Moreover, players in foreign affairs who are outside the executive branch, such as the Quds Force of the IRGC, are also under the direct supervision of the Leader. Given this, the main question becomes: Why did the Leader bring into the process opponents of the policies that he seems to endorse? Why did he seem to intentionally disrupt the diplomacy pursued by Rouhani’s government precisely at the time of the most sensitive phase of the negotiations—indeed, right when they seemed on the verge of achieving a permanent nuclear agreement—by appointing as SCFR members three former senior officials of Ahmadinejad’s government?34

Here again, the answer lies in the comparison with the 1988 ceasefire with Iraq. Khamenei’s maneuvering of the SCRF is consistent with his predecessor’s tactics. Ruling a nascent political system (the Islamic Republic at the time of the ceasefire was barely a decade-old), Khomeini had no choice but to use his personal contacts and relationships to give both the pro- and the anti-peace camps a voice in the decision-making process. Later, however, as the Islamic Republic has matured, the second Leader has embarked on building institutions that allow for the participation of various political factions. Thus although the Leader has retained Kamal Kharrazi—foreign minister in Khatami’s reformist government—to preside over the new Council, Ali Akbar Velayati and two former ministers of Khatami’s government were replaced by a military figure and two conservative diplomats. The military member of the current SCFR is Ahmad Vahidi. Not only did he serve as defense minister in Ahmadinejad’s administration, he is also a former commander of the IRGC’s Quds Force and on Interpol’s wanted list.35 Also appointed to the Council is Saeed Jalili, Iran’s tough nuclear negotiator under Ahmadinejad and another hardliner who has consistently supported a policy of defiance against the West and the UN sanctions. In this context, it is noteworthy that all UN Security Council Resolutions imposing sanctions against
Iran in connection to its nuclear program were adopted during the seven years that Jalili headed Iran’s nuclear negotiations team. Moreover, Jalili was Rouhani’s main opponent in the 2013 election, which he lost by a margin of 14 million votes.

The third new member of the SCFR is Mehdi Mostafavi, a former assistant for international affairs in the Leader’s office and a former deputy minister of foreign affairs in Ahmadinejad’s government. He favors strengthening relations with Islamic countries and opposes rapprochement with the United States. Finally, a fourth member that Khamenei appointed to the Council is Ebrahim Sheibani, Iran’s ambassador to Austria and former director of the Central Bank of Iran. He is known as an apolitical economist and is personally close to Khamenei.

As the Islamic Republic approaches the eve of what can be potentially its most consequential agreement with the West, the conservative members of the SCFR are now in a position to monitor Iran's foreign policy as a means of safeguarding the nation’s revolutionary identity and containing a government that some see as all too willing to compromise. By adding the hard-liner conservatives to the SCFR, Khamenei has pursued three strategic objectives in line with the praxis of the founder of the Islamic Republic, Ayatollah Khomeini:

First, the appointments protect Khamenei’s revolutionary reputation and credentials, and safeguard the system as a whole against accusations of compromise. This is very important for Khamenei who previously stipulated that “non-negotiation with the U.S. is the definitive policy of the Islamic Republic” and who now has opted for a policy of “heroic flexibility.” Thus, while granting Iran’s elected government the authority to broker the deal, he has also signaled publicly that there have been no important changes from his earlier stance.

Second, through these new appointments Khamenei has kept the option of reverting to revolutionary policies towards the West. His predecessor, Khomeini, wrote in his letter accepting the 1988 ceasefire: “O God, only for the sake of safeguarding your religion do we accept the ceasefire. You bear witness that not even for a moment shall we consider compromising with the U.S. and the USSR.” Similarly, Khamenei characterizes the current negotiations as “honoring the demands of the government.” By emphasizing the difference between his personal stance (as reflected in his appointment of anti-negotiation figures to the SCFR) and the requests of Rouhani’s elected government, he keeps open the option of returning to an aggressive foreign policy should the negotiations fail to produce an acceptable agreement.

The third aspect of Khamenei’s maneuvering is illustrated by the warning he issued to the government on the first anniversary of Rouhani’s election as president to “not sideline revolutionary youths by resorting to rhetoric of moderation. In times when the stakes are high, revolutionary youths are those who, more than anyone else, take to the stage to support the Islamic Republic.” This rhetoric is very similar to remarks included in Khomeini’s ceasefire acceptance letter: “God knows the path to martyrdom is immutable, and this nation will follow their martyrs.” While closing in on a comprehensive agreement with the P5+1, Khamenei is pursuing the strategy of keeping players with revolutionary tendencies on the scene. By inserting hardline radical figures into the politics of the negotiations, he is deploying them as reservists in his diplomatic army behind the frontlines of war and as leverage for containing the government, and for monitoring the executive branch’s foreign policies to ensure that they do not cross his red lines.

Conclusion

The strategy used by Iran to establish peace with Iraq resulted in significant changes in the Iranian domestic landscape. Following the peace agreement with Iraq in 1988, Rafsanjani’s pragmatic government took office and, over the following eight years, began the reconstruction of Iran’s war-damaged infrastructure. With the implementation of Rafsanjani’s economic liberalization policies, the Iranian economy returned to constant growth, and substructures that had been destroyed during the war were restored.

Ending the war with Iraq had important effects on Iran’s domestic politics as well. In the 1992 parliamentary elections, the faction hostile to Rafsanjani’s government—the faction that defined itself as opposing the ceasefire and what it saw as the de-revolutionization of politics—was defeated and the road was paved for the implementation of relatively more moderate policies.

The resolution of the nuclear crisis may have similar consequences. 2015 will see another round of parliamentary elections and it is possible that history will repeat itself. Iran’s foreign minister and the face of its nuclear negotiations, Javad Zarif, alluded to this in a meeting of the Council on Foreign Relations in New York, noting that if negotiations fail, the extremists’ chances of winning the next election in Iran would increase, bringing back hardliners like Ahmadinejad and his allies.

Today in the public mind, Rouhani is identified with peace much like Rafsanjani was in the late 1980s. If reaching peace with Iraq had failed and the war continued, it would
not have been possible to advance Rafsanjani's plans for economic development during the second decade of the Islamic Republic. Iran's power would have depreciated, the economy would have deteriorated, and those advocating for war would have been emboldened enough to outmaneuver Rafsanjani and his pragmatic allies. Now it is Rouhani who hopes to save Iran by achieving a nuclear agreement and resolving the deep economic crisis brought upon by sanctions. Should a nuclear agreement be concluded, the government will likely be able to bring the economy out of recession in time for the 2015 parliamentary campaigns. By improving the standard of living of Iranians, Rouhani can become powerful enough to push back against his extremist opponents. But if the negotiations fail, and subsequently the hardliners win a majority in the 2015 elections, Rouhani's government will not be able to fulfill its economic promises or implement its political and cultural agenda as both will be blocked by the new parliament.

### Endnotes

2. According to a member of the Iranian negotiating team during the Ahmadinejad presidency and a *Kayhan* newspaper editor, Mehdi Mohammadi, permission to negotiate was issued prior to the June 2013 election. "Interview with Mehdi Mohammadi," *Mosalas News*, October 14, 2014.
3. For a more detailed discussion of this point see Seyedamir Musalas News Mohammadi, “Worried’ or ‘Valiant’? The Dialectic Between Iran’s Nuclear Negotiations and its Domestic Politics,” *Middle East Brief*, no. 81 (Brandeis University, Crown Center for Middle East Studies, December 2007).
7. “Revenue from Oil and Gas Exports from 1348 to 1391,” *Khabar Online*, June 16, 2013.
12. This meeting was of great significance due to the Ahmadinejad administration’s forging of statistics on Iran’s economic conditions at the time.
13. In the televised debates between the candidates, in the lead up to the June election, several of the candidates, including Hassan Rouhani, explicitly criticized the handling of the nuclear file by Ahmadinejad’s government, stating that it had worsened the quality of people’s lives. See Zahra Hosseinian and Marcus George, “Presidential hopefuls clash on Iranian nuclear policy,” *Reuters*, June 7, 2013.
17. Ibid., p. 50.
18. Operation Karbala-5, which began in January 1986 aimed at completely destroying the Iraqi war machine in the southwest of Iran.
22. For more analysis on these two poles see Mahdavi, “Worried’ or ‘Valiant’?”
26. Including Javad Zarif, the current Iranian foreign minister and nuclear negotiator, who was an active and influential member of the Iranian UN mission during the Iran-Iraq war.
33. On July 19, 2014, Iran and the P5+1 extended the six-month agreement for another four months to work on the final agreement.
34. *Interpol Red Notice for Ahmad Vahidi.*
36. See Ayatollah Khomeini’s letter to Iranian officials about the acceptance of the casetle with Iraq: http://mikhak.blogsky.com/print/post-103

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