



PolicyWatch 2189

President Rouhani and the IRGC

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Although President Rouhani has persuaded the Supreme Leader to adjust the IRGC's economic functions, he has not challenged its role in shaping Iran's nuclear policy.

President Hassan Rouhani's relationship with Iran's Islamic Revolutionary Guard Corps (IRGC) is a central dynamic in the country's politics and economy. As always, Ayatollah Ali Khamenei ultimately determines the roles of the president and the IRGC, so Rouhani has sought to pursue his economic imperatives without crossing the Supreme Leader or the military elite on the nuclear issue.

ADJUSTING THE IRGC'S POLITICAL AND ECONOMIC ROLE

Unlike previous presidents, Rouhani seems unwilling to dominate the IRGC or directly challenge its influence over various aspects of Iran's political and economic life. Instead, his approach has been to refashion the IRGC's functions through the Supreme Leader -- who is commander-in-chief of the entire armed forces -- rather than taking independent initiative. This means convincing Khamenei to improve the economy by adjusting the IRGC's role in politics and business, limiting its influence over the public sector and weakening its ability to compete with the private sector.

Rouhani has already curbed the IRGC's role in some economic projects, and so far the military leadership has not viewed his actions as a threat. The IRGC reacted strongly against former president Mahmoud Ahmadinejad's defiant statements and policies, but in dealing with Rouhani's agenda, it has not gone beyond the lines set by Khamenei. This attitude may also be a function of the new president's background -- Rouhani has worked in the military and security apparatus since the Islamic Republic's inception.

Rouhani and the Supreme Leader seem to view the reduction in the IRGC's economic role as more of a practical move than a political maneuver. The IRGC's economic management in many areas was not profitable enough for the regime. Furthermore, the military's

dominance over the economic realm jeopardized the regime's domestic legitimacy and exposed it to more international sanctions, since IRGC-run firms make easy targets for Western governments. Rouhani cares about the economy more than any other issue, so he may have convinced the Supreme Leader that ending the sanctions, attracting foreign investors, and improving management would be much easier if the IRGC agreed to curb its economic appetite. Since coming to office, the new president has also cut the Basij militia's budget, refused to increase the IRGC's budget, and used many fewer IRGC commanders in his cabinet compared to Ahmadinejad.

But Rouhani still sees a vital economic role for the IRGC. In a September 16 speech, he defended the corps and denied "rumors" about its economic empire: "The IRGC is not a rival to the people or the private sector. It is not a contractor like any other ordinary contractor...The IRGC should undertake the significant projects that the private sector is not able to handle...The IRGC knows the government and country's conditions very well...We used to sell 2.5 million barrels of oil per day, but now we sell less than a million, in a year that we need to import 7.5 million tons of wheat. Therefore, the IRGC should...share the government's burdens."

As for the IRGC's political role, Khamenei and Rouhani seem to see eye to eye. In a September 17 meeting with IRGC commanders, Khamenei stated: "The IRGC is the guardian of the Islamic Revolution. I do not want to suggest that the IRGC should be guardian in all fields: scientific, intellectual, cultural, economic. No...It is not necessary for the IRGC to go into the political field in order to guard it, but it has to know the political field...It is naive to reduce the challenges that the Revolution faces to political, partisan, and factional challenges. These are not the main challenges for the Revolution. This is the fight between political factions...The main challenge for the Revolution is offering humanity a new order...You are the guardian of the Islamic Revolution; this does not mean that you should be present in all fields and realms." This was the same speech in which he talked about "heroic flexibility" in diplomacy -- a formulation widely interpreted as approval for the new president's goal of engaging the West on the nuclear issue.

The day before Khamenei's remarks, Rouhani addressed IRGC commanders himself. Despite describing the corps as "the beloved of hearts," he noted that "the IRGC should understand the politics very well but should not intervene in it because it belongs to the whole Iranian nation" -- exactly the same message Khamenei would convey the next day. Both men were criticizing IRGC support to specific political factions.

Currently, neither reformists nor Green Movement activists pose a threat to Khamenei's authority, so he does not need the IRGC to play a bold role in politics. Yet his attitude may change if his political needs change.

ROUHANI AND THE IRGC ON NUCLEAR ISSUES

On September 30, IRGC commander-in-chief Gen. Mohammad Jafari praised Rouhani's September 24 speech at the UN and his diplomatic initiatives in New York but criticized his high-profile September 27 phone conversation with President Obama. "Mr. Rouhani and his delegation proved in this trip that...they are faithful to the principles and are moving forward in the direction of the Islamic Revolution, and the framework and policies of the regime and the Supreme Leader," he said, but then noted that "the phone conversation should have been postponed until we verify U.S. honesty and practical steps."

Khamenei took a similar tack. Whether he preapproved the phone call or not, the Supreme Leader felt the need to publicly keep his distance from it in order to preserve his anti-American image. During an October 5 speech, he implicitly characterized the call as "inappropriate." Yet he also offered strong and explicit support to Rouhani's "diplomatic dynamism," stating that he trusted the negotiating team and was optimistic about them. In addition, he set boundaries for the hardliners who had been criticizing Rouhani's initiatives. On November 3, after these critics went too far, Khamenei bluntly defended the president's efforts on the nuclear issue: "No one should consider our negotiating team as compromisers; they are our children and the children of the Revolution. They have a difficult mission, and no one should seek to weaken an official who is on duty."

The IRGC has never crossed the line in criticizing the nuclear negotiations, but this is largely because its leaders are officially involved in nuclear policymaking. On September 5, Rouhani tasked the Foreign Ministry with conducting nuclear negotiations. Yet as Foreign Minister Mohammad Javad Zarif explained to reporters on September 10, "The policies and decisions on nuclear issues will be made in the Supreme National Security Council...based on necessities; the Foreign Ministry is authorized to take appropriate strategies and tactics for negotiations." Both the Supreme Leader and the IRGC are well represented on the SNSC. General Jafari is a member, and Khamenei has appointed two personal representatives to the body: council secretary Ali Shamkhani and former nuclear negotiator Saeed Jalili. This arrangement gives the SNSC the power to shape nuclear policy and determine the direction of negotiations even as the Foreign Ministry handles the talks themselves.

The Supreme Leader's actions outside the nuclear arena also reflect his belief that Rouhani and the cabinet are firmly under his thumb. For example, Khamenei has delegated his authority over the police -- who previously reported directly to him -- to Rouhani's interior minister, Abdolreza Rahmani Fazli, who has no military background but once worked for the intelligence and security apparatus. Khamenei did not do the same under Muhammad Khatami, the former reformist president with whom many observers once compared Rouhani.

CONCLUSION

Perhaps the best summary of Rouhani's approach to the IRGC appeared in a September 17 article on the Alef website, run by prominent conservative parliamentarian Ahmad Tavakkoli. The unsigned article described Rouhani as someone who "understands the power relations in the Islamic Republic...and knows that his success depends on constructive engagement with influential institutions...Unlike Khatami, he does not see engagement with the IRGC as an obstacle to democracy, and unlike Ahmadinejad, he does not look at such institutions as an impediment to his independent authority...He may have some sympathy with Khatami or Ahmadinejad, but he takes a different path and prefers not to create tension with these institutions." According to the article, Rouhani acts in a way that "all powerful institutions will feel indebted to him. This is the secret to endurance for the Islamic Republic's traditional technocrats."

In practical terms, this approach has led Rouhani to work through Khamenei in adjusting the IRGC's economic functions. That fits with Khamenei's apparent interest in ensuring that the IRGC does not become so powerful that it gets out of his control. At the same time, Rouhani has not crossed the IRGC on the nuclear issue despite his continuing outreach to

the West.

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