



## Iranian Domestic Challenges to the Joint Comprehensive Plan of Action

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The Joint Comprehensive Plan of Action (JCPOA) nuclear agreement between Iran and the P5+1 (the United States, the United Kingdom, France, Russia, China, and Germany) has proven successful so far. The curtailment of the nuclear program has made it much more difficult for Iran to weaponize its program while reducing its international diplomatic and economic isolation. However, some major challenges to the JCPOA from within Iran may emerge in the future, especially in the wake of tensions with the United States.

The Iranian political system appears to have achieved a consensus regarding the necessity of the JCPOA, but the Islamic Republic is nevertheless deeply divided over a number of political, economic, and social issues with major implications for the JCPOA. In particular, centrist and reformist forces aligned with President Hassan Rouhani seek to normalize relations with Iran's regional neighbors and the world powers and implement some domestic reforms, while Supreme Leader Ayatollah Ali Khamenei and the unelected estab-

lishment remain committed to revolutionary principles and a status quo necessary to maintain their hold on power. The JCPOA may be a nonproliferation agreement, but it is intrinsically linked to the internal struggle between two competing visions for Iran.

Rising tensions between Washington and Tehran on the nuclear issue and competition between the two in the Middle East may also exacerbate fissures within Iran, although not always in benefit to U.S. interests.

The Islamic Republic remains stable for now, but the legitimacy of the regime is still questioned by many Iranians, including some of the elite. The 2009 Green uprising in response to Mahmoud Ahmadinejad's disputed reelection may appear to have faded into history, but Iran remains a deeply divided country. The eventual passing of the aging supreme leader could reopen old wounds and lead to domestic struggles affecting Tehran's adherence to the JCPOA.

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## *Iran's feuding factions, each with its own specific policy preferences, are likely to play a significant role in the future viability of the JCPOA.*

This Perspective examines the nature of the factional divisions that exist in Iran; how this factionalism may impact the nuclear agreement; and the viability of the JCPOA if major events were to occur, such as the death of the supreme leader or heightened U.S.-Iran tensions.

### **Iran's Political Landscape**

Iran's feuding factions, each with its own specific policy preferences, are likely to play a significant role in the future viability of the JCPOA. The supreme leader is the most powerful man in Iran, but he alone cannot dictate Iran's foreign policy; rather, Khamenei must preside over a consensus among Iran's factions and decision-making bodies. These factions are made up of informal networks of individuals sharing a common worldview and are built on a complex set of political, familial, economic, and military ties. Elite worldviews on foreign policy exist along a spectrum that ranges from rigid revolutionary ideology that emphasizes self-sufficiency and "resistance to imperialism" to a more pragmatic worldview that emphasizes realpolitik.

There are four distinct factional groupings within Iran:

1. *The traditional conservative faction* dominates the unelected institutions, such as the Guardian Council and the Assembly of Experts. Traditional conservatives advocate for economic

self-sufficiency and resisting Western imperialism while steadfastly supporting the dominance of the clerical establishment over society. Khamenei aligns most closely with this camp.

2. *Principlists* are also socially conservative and tend to promote self-sufficiency and a revolutionary foreign policy. The Islamic Revolutionary Guards Corps (IRGC) and Basij veterans of the Iran-Iraq war make up a significant bloc of the principlist camp, which has led them to challenge the dominance of the old clerical elites—a position that distinguishes them from traditional conservatives. These principlists propelled Ahmadinejad to power before turning on him during his widely criticized presidency. In general, both traditional conservatives and principlists fear the post-nuclear deal era as providing a dangerous opening of the country.<sup>1</sup> However, differences do exist within the principlist camp as to the extent to which Iran should actively fight its enemies. For instance, Ahmadinejad and his political rival, Ali Larijani, are both considered principlists. During his presidency, Ahmadinejad exacerbated the nuclear dispute by acting provocatively on the world stage, prompting then-nuclear negotiator Larijani—who sought a compromise with the West—to resign in frustration.<sup>2</sup>
3. *The pragmatic conservatives, or centrists*, seek economic development without necessarily adopting the wide-ranging political reforms often demanded by a rising middle class—the "China

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<sup>1</sup> Mohammad Javad Ekhvan, "Naghsh-e Raah-e Iran-e Eslami dar Fardaa-ye Ejraa-ye Barjam [Islamic Iran's Roadmap in Days Following JCPOA Implementation]," *Javan*, January 16, 2016.

<sup>2</sup> Seyed Hossein Mousavian, *The Iranian Nuclear Crisis: A Memoir*, Washington, D.C.: Carnegie Endowment for International Peace, 2012.

model.” Former president Ayatollah Hashemi Rafsanjani, who died in January 2017, was a key leader of this group. Pragmatic conservatives view foreign investment, and thus pursuing a moderate foreign policy, as an essential component of development. For them, the easing of social restrictions can be tolerated as an expedient way of relieving societal pressure in order to prevent unrest that could undermine economic progress. In the minds of Rouhani and his allies, further engagement with the United States is acceptable to the extent that it would help Iran’s economy and position in the Middle East.<sup>3</sup> Throughout Khamenei’s rule, Rouhani has benefited from a close working relationship with the supreme leader.<sup>4</sup> According to one of Rouhani’s former aides, Khamenei historically has placed a great deal of weight on his analysis of national security issues.<sup>5</sup> Thus, Rouhani served for over 15 years as Khamenei’s personal representative to the Supreme National Security Council. Nevertheless, the two men also have important disagreements on the need for reform and engagement with the United States.<sup>6</sup>

4. *The reformists* are perhaps the most popular but least politically influential of Iran’s major factions. Reformists, such as former president Mohammad Khatami, see social and political reforms as essential to ensuring the long-term vitality of the Islamic Republic. Thus, they welcome Iran’s economic and political integration with the global community. Most reformists have been sidelined from the political system, as Khamenei and the IRGC view many to be part of the “sedition” that urged Iranians into the streets after the contested 2009 presidential election. Most reformist candidates for the February 2016 parliamentary election were disqualified by the Guardian Council. The most prominent leaders of the reformist Green Movement—Mir Hossein Mousavi, Zahra Rahnavard, and Mehdi Karroubi—remain under house arrest. Khatami, while

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an important part in facilitating Khamenei’s rise to power. Most importantly, he is credited with playing a key role in brokering Khamenei’s selection as supreme leader in 1989. At the time, Rafsanjani likely believed Khamenei would remain a useful junior partner. However, by the end of Rafsanjani’s presidency in 1997, the balance of power had begun to shift in Khamenei’s favor, as Rafsanjani was lambasted publicly as a corrupt politician. In 2005, Rafsanjani lost a presidential bid to Mahmoud Ahmadinejad, who viciously attacked him and his family for being corrupt, with Khamenei sitting silently on the sidelines. Perhaps the irreparable break between the two rivals occurred in the aftermath of the 2009 unrest following Ahmadinejad’s reelection, when Rafsanjani appeared to defend the protesters during his Tehran Friday prayer sermon. Khamenei never again allowed Rafsanjani to make a sermon from that influential podium. Meanwhile, the supreme leader has allowed the judiciary to target Rafsanjani’s children. His daughter Faezeh served six months in prison for supporting the Green Movement, while his son Mehdi is serving a ten-year sentence for corruption. Finally, in 2013, the Guardian Council—operating under the ultimate authority of the supreme leader—disqualified Rafsanjani from running for president. Following this rejection, Rafsanjani came out in support of Rouhani’s candidacy, an action that is widely credited with playing a key role in the latter’s victory.

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<sup>3</sup> Gholamali Khoshroo, Iranian Permanent Ambassador to the United Nations, “Negotiations Channel Must Be Kept Open,” transcript of interview with *Seda Persian Weekly* in *Iran Review*, February 6, 2016.

<sup>4</sup> Rouhani has, in fact, known Khamenei since 1968. Hassan Rouhani, *Khateraat-e Doktor Hassan Rouhani; Jeld-e 1: Enghelaab-e Eslami [Memoirs of Dr. Hassan Rouhani; Vol. 1: Islamic Revolution]*, Tehran: Islamic Revolution Document Center, 2009.

<sup>5</sup> “Former Aide Says Iranian President-Elect ‘Is Not Superman,’” Radio Free Europe/Radio Liberty, June 20, 2013.

<sup>6</sup> Rouhani’s longtime alliance with the supreme leader’s archrival, Rafsanjani, may also make Khamenei wary of the president’s ultimate objectives. Khamenei and Rafsanjani had a complicated relationship. As a founding father of the Islamic Republic and a confidant of Ayatollah Ruhollah Khomeini, Rafsanjani played

free, faces restrictions meant to curtail his political power and popularity.

### **Challenges to the Nuclear Deal: Rouhani's Role**

The June 2013 election of Hassan Rouhani marked a major shift in Iran's factional politics, coming as the result of a strategic alliance between the reformists and centrist conservatives. Rouhani's victory served as a rebuke to former president Ahmadinejad's rigid principlist policies and provided Khamenei with an opportunity to change course. Powerful coalitions can persuade the supreme leader to sign off on foreign policies that diverge from his personal proclivities—all in the name of *maslehat*, or expediency, to preserve consensus within the Islamic Republic. This is because Khamenei understands that to maintain regime stability, he must consider the concerns of an array of factions that make up the Islamic Republic. Under immense pressure, Ayatollah Khamenei succumbed to the elite consensus over resolving the nuclear impasse and achieving sanctions relief.

Khamenei will adhere to the nuclear deal as long as he continues to believe that doing so safeguards the core objectives of the Islamic revolution: the existence of an Islamist government that prevents outside interference in Iranian affairs. But while the Iranian elite remain devoted to these goals, the means by which they intend to achieve them differ greatly. Khamenei and his appointed leaders in the IRGC prefer to counter U.S. influence in the Middle East, stave off Western cultural “corruption” that would weaken the Iranian people's revolutionary spirit, and move toward a “resistance economy” that is self-sufficient and protected from outside manipulation. The IRGC's missile tests after the JCPOA

was signed are an indication of the conservatives' aggressive foreign policy preferences.<sup>7</sup>

President Rouhani and his allies, on the other hand, see economic development and diplomatic engagement as essential to maintaining the people's support for the Islamic Republic. To achieve this, they argue, Iran must integrate into the global economy and attract foreign investment—a position that is popular with the vast majority of Iranians.<sup>8</sup> Moreover, unlike Khamenei, they do not see Iran's relations with its rivals in purely zero-sum terms. If, for instance, cooperating with the United States on areas of mutual interest would lead to benefits for Iranian interests, then they would potentially be in favor of cooperation.<sup>9</sup>

The pro-Rouhani coalition's power to influence Khamenei's decisionmaking likely has been enhanced by the successful implementation of the nuclear deal and the outcome of the February 2016 parliamentary and Assembly of Experts elections, which moved Iranian politics away from hardcore ideological positions and more toward the center, an outcome favored by both Khamenei and Rouhani.<sup>10</sup> One example of the dividends resulting from these successes occurred in November 2016, when the new parliament

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<sup>7</sup> William Luers, Thomas Pickering, and Greg Thielmann, “Dealing with Iran's Ballistic Missile Program,” *The National Interest*, February 8, 2016.

<sup>8</sup> Ebrahim Mohseni, Nancy Gallagher, and Clay Ramsay, *Iranian Public Opinion One Year After the Nuclear Deal*, College Park, Md.: University of Maryland Center for International and Security Studies, 2016.

<sup>9</sup> Nevertheless, Rouhani must appear strong on defense issues. In December 2015, he ordered the Ministry of Defense to engage in the production of missiles with “increased speed and seriousness.”

<sup>10</sup> Alireza Nader, “Rouhani and Khamenei Are Both Winners in Iran's Elections,” *Foreign Policy Concepts*, March 2, 2016.

approved as ministers three Rouhani allies who had been summarily rejected in the previous parliamentary session.<sup>11</sup> However, while Rouhani has gained momentum, his administration must move cautiously in order to maintain his coalition of centrists and allied reformists; Rouhani must also reassure Khamenei that the supreme leader's position is not threatened.

### **Challenges to the Nuclear Deal: Electoral Politics**

Iranian elections play a major role in shaping the factional balance of power and influencing Iran's foreign policy trajectory. Elections have also been conducted with varying degrees of manipulation and, thus, are by no means a flawless exercise in the republican ideal. Therefore, it is important not to overstate the significance of elections as a true expression of the Iranian people's will; strict vetting of candidates to ensure their Islamic revolutionary credentials greatly limits the options available to voters. Nevertheless, despite these limitations, they represent an important field on which Iran's political and social struggles are played out and a window into the increasingly dynamic elite debates that are no longer solely the preserve of conservative and principlist factions.<sup>12</sup>

The February 2016 parliamentary and Assembly of Experts elections provided a modest boost for President Rouhani and his allies, who seek to pursue a less ideological foreign policy and attract foreign investment into Iran. The result of the elections, while hardly decisive as an instrument of change in Iran, may

nevertheless strengthen forces committed to upholding the nuclear agreement and pursuing a less-ideological foreign policy.

Rouhani's centrist agenda created strange allies, bringing reformists and centrists together with principlists, such as Parliamentary Speaker Ali Larijani and the staunchly socially conservative member of parliament Ali Motahari. Support from Larijani and Motahari is important to the centrists because both have powerful bases of support, and both are the sons of influential ayatollahs. Since Rouhani took office, Larijani has diverged from many of his principlist colleagues in supporting the president's diplomatic efforts. During the parliamentary election, he even split from his Followers of the Leader faction and ran as an independent.<sup>13</sup> This alliance with the pragmatic conservatives/centrists and reformists was a far cry from the era of Mohammad Khatami's presidency, when Larijani was seen as an enemy of the reform movement for his hardline stance against freedom of expression while he was the head of the Islamic Republic of Iran Broadcasting.

Likewise, Ali Motahari's leadership of the new Voice of the Nation coalition—containing both pragmatic conservatives and reformists—is noteworthy because he is a hardliner on social issues, including women's rights.<sup>14</sup> At the same time, Motahari has earned the ire of many of his conservative colleagues for boldly criticizing the regime's decision to keep Green Movement leaders Mir Hossein Mousavi and Mehdi Karroubi under house arrest with-

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<sup>11</sup> Changiz M. Vargi, "Iran's Parliament Gives Green Light to Rouhani's New Ministers," *Al-Monitor*, November 2, 2016.

<sup>12</sup> Reza H. Akbari, "Why Iran's Parliament Matters," *LobeLog*, February 29, 2016.

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<sup>13</sup> Saeid Jafari, "What's Larijani's Game for the Parliamentary Elections?" *Al-Monitor*, January 13, 2016.

<sup>14</sup> "Tahlil-e Ali Motahari az Safbandiha-ye Entekhabaati [Ali Motahari's Analysis on Election Lineup]," *Fararu*, January 13, 2016.

out trial.<sup>15</sup> Indeed, other than his support for Rouhani’s foreign policy approach, Motahari’s only other point of alignment with the reformists appears to be his push for rule of law, which includes protecting freedom of speech and ensuring fair trials, as stipulated in the Iranian constitution.<sup>16</sup>

The conservative backlash against Rouhani and his coalition in the run-up to the elections may be an indication of what lies ahead. Khamenei indirectly accused Rouhani and his allies of carelessness in pursuing further engagement with the United States.<sup>17</sup> His repeated warnings about Western infiltration following the implementation of the nuclear deal were followed by an uptick in arrests of pro-reform activists, prompting Rouhani to accuse harshly those responsible for the detentions of “toying” with the supreme leader’s words as an excuse to go after their political rivals.<sup>18</sup> In October 2015, one of Khamenei’s representatives to the Supreme Council of the Cultural Revolution even claimed that there were up to 10,000 U.S., British, and Israeli agents positioned within the Islamic Republic.<sup>19</sup> The next month, the IRGC claimed to have disbanded a group of foreign-backed “pens for hire” who intended

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<sup>15</sup> “The Man Who Stood Up to Khamenei,” *Foreign Policy*, July 4, 2015.

<sup>16</sup> “Tahlil-e Ali Motahari az Safbandiha-ye Entekhabaati [Ali Motahari’s Analysis on Election Lineup],” 2016.

<sup>17</sup> Muhammad Sahimi, “Iran’s Deep State Has the Most to Lose from Opening to the West,” *The National Interest*, November 10, 2015.

<sup>18</sup> “Vaakonesh-e Rouhani Beh Parvande Saazi-ye Sepaah Beh Bahane-ye Nofooz [Rouhani’s Reaction to IRGC’s Use of Infiltration as Excuse for Manufacturing Cases],” *Kaleme*, November 4, 2015.

<sup>19</sup> Akbar Ganji, “A New Wave of Repression Is Imminent in Iran,” *The Guardian*, November 2, 2015.

to “change the lifestyle of the people and shape public minds.”<sup>20</sup> And when the time came to register for the parliamentary elections, the Guardian Council disqualified all but 30 of the 3,000 reformists who registered as candidates.<sup>21</sup> Former president Ayatollah Rafsanjani responded angrily in a not-so-veiled criticism of Khamenei.<sup>22</sup> He asked the council, “Who gave you permission to sit there and judge on behalf of the administration, the [parliament], and other places?”<sup>23</sup> Rouhani also pushed back vehemently against the Guardian Council’s decision.<sup>24</sup>

Equally distressing for Rouhani’s allies was the council’s rejection of the popular reformist Ayatollah Hassan Khomeini—the grandson of the Islamic Republic’s founder—in his attempt to run for a seat in the Assembly of Experts. The rejection was allegedly because of his lack of religious credentials, despite the fact that the young cleric had received strong support from senior clerics in Qom.<sup>25</sup> For the traditional conservatives and principlists, Hassan Khomeini’s connection to such popular moderate figures as

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<sup>20</sup> Thomas Erdbrink and Rick Gladstone, “Iran President Pushes Back over Anti-U.S. Crackdown,” *New York Times*, November 4, 2015.

<sup>21</sup> “Rad-e Salaahiat-e 99 Dar Sad-e Eslahtalabaan [99 Percent of Reformists Rejected],” Iranian Labor News Agency, January 17, 2016.

<sup>22</sup> The supreme leader appoints half of the council members, while the supreme leader-appointed judiciary chief picks the other half.

<sup>23</sup> “Enteghaad-e Shadid-e Rafsanjani az Shoraa-ye Negahbaan [Rafsanjani’s Harsh Criticism of Guardian Council],” *Radio Farda*, February 1, 2016.

<sup>24</sup> “Hassan Rouhani’s Comments Regarding the Guardian Council’s Role,” YouTube, September 4, 2015.

<sup>25</sup> “Shockwave: The Disqualification of Seyed Hassan Khomeini,” *Majlis Monitor*, February 9, 2016.

Rafsanjani and Khatami and his control of large foundations and seminaries are major sources of concern.<sup>26</sup>

Rouhani and Rafsanjani likely had hoped that Khomeini would help strengthen their influence within the Assembly and, with it, the ability to shape the succession to Khamenei. Signaling the potential importance of the assembly election, Rafsanjani had broken a taboo by stating that a new supreme leader could be chosen during the next term.<sup>27</sup> He also repeated his claim that a “council of leaders” could be created to replace the position of supreme leader, the possibility of which was initially established by the Iranian constitution but which today would require a constitutional amendment.

Despite all these obstacles, the elections ended up serving as a referendum of popular support for Rouhani’s policies. The pro-Rouhani camp won a plurality of the parliament, although it may not be able to dominate the institution. The outspoken Ali Motahari was reelected. Meanwhile, prominent opponents of the president, including Mehdi Kouchakzadeh, Ruhollah Hosseinian, and Gholam Ali Haddad-Adel (Khamenei’s son-in-law and the head of the principlists’ list of candidates), were ousted.<sup>28</sup> Among the candidates for Tehran representatives in the Assembly of Experts, Rafsanjani won the most votes, and Rouhani

won third place. Prominent traditional conservative ayatollahs Mohammad Yazdi and Mohammad Taghi Mesbah-Yazdi were ousted, and Khamenei ally Ahmad Jannati barely held onto his seat.<sup>29</sup> Moreover, out of a total of 88 Assembly of Experts seats, 52 of the candidates backed by the pro-Rouhani coalition won.<sup>30</sup> Particularly notable were the efforts by activists, and even Khatami, who days before the election took to social media platforms, such as Facebook, Instagram, and Telegram, to encourage Tehran voters to support a list of 30 parliamentary and 16 Assembly of Experts candidates.<sup>31</sup>

However, the aggressive disqualifications of the vast majority of candidates suggest that the “steadfast” resolve with which conservatives have confronted centrist and reformist figures after the nuclear deal is likely to continue. While the net accumulation of even a few more sympathetic parliamentary allies has helped Rouhani to promote his agenda, it is clear that he faces firm opposition to wider change outside the bounds of the limited consensus he has built and that his efforts will be opposed by powerful factions, regardless of the outcome.

The selections of Ali Larijani as speaker of parliament and the archconservative Ayatollah Ahmad Jannati as head of the

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<sup>26</sup> Reza Haghghatnejad, “Khomeini’s Grandson Enters Politics,” *Iran Wire*, December 14, 2015.

<sup>27</sup> Bozorgmehr Sharafedin, “Iran’s Possible Next Supreme Leader Being Examined: Rafsanjani,” *Reuters*, December 13, 2015.

<sup>28</sup> Runoff elections occur when no candidate passes the 25-percent minimum threshold of votes to win outright. “Edaame-ye Vaakonesh-ha Dar Iran beh Nataaayej-e Entekhaabaat [Continuation of Reactions in Iran to Election Results],” *BBC Persian*, March 2, 2016; “Haddad-Adel: Qasd-e Eteraz beh Nataaayej-e

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Entekhaabaat Nadaaram [Haddad-Adel: I Don’t Intend to Protest Election Results],” *Fararu*, March 1, 2016.

<sup>29</sup> “Nataaayej-e Nahaai-ye Khobregaan-e Tehran [Final Results of Tehran Experts Assembly],” *BBC Persian*, February 29, 2016.

<sup>30</sup> “Rohani, Reformist Allies Win Control of Iran’s Powerful Assembly of Experts,” Radio Free Europe/Radio Liberty, February 29, 2016.

<sup>31</sup> Narges Bajoghli, “How Women, the Green Movement, and an App Shaped Iran’s Elections,” *Washington Post*, March 1, 2016.

Assembly of Experts demonstrate the power of the status quo over Iran's political system. The fact that Jannati, who came in last in the polls, was still able to attain the chairmanship of the assembly illustrates the behind-the-scenes influence that Khamenei and his allies maintain over that body. Jannati also heads the Guardian Council and will be in a position to block Iran's elected institutions and push back against attempts by centrists to shape the succession to Khamenei.

These election victories for the centrist camp should not be completely dismissed, however. Skeptics have pointed out that the reformist Khatami enjoyed a friendly parliament during his term and was, nevertheless, aggressively thwarted in nearly every arena. While this is certainly true, former president Khatami, for all his ideals, was not nearly as canny a politician as Rouhani and did not build broad consensus-based coalitions or maneuver through Iran's political space with the same methodical patience as Iran's current president. Rouhani's goals are also more limited, and he is more personally acceptable and better-connected than Khatami was. His navigation of Iran's domestic space thus far has been deft, suggesting that the quality of his relationship with the supreme leader has been equal to his factional and bureaucratic instincts.

More broadly, it is still significant that, despite firm policing of the boundaries of an acceptable candidacy, the Iranian system nevertheless has permitted the genuine exercise of limited popular political participation and allowed for more than token diversity to emerge in two major, if by no means decisive, political bodies. This fact is further evidence of an at least partial and limited drift toward a centrist consensus among key elites in the country. Further, the Iranian government certainly remains insulated from but by no means completely immune to public opinion. While not

giving Rouhani *carte blanche* in implementing his broader program, the elections were seen as a general vote of confidence in his agenda, especially the nuclear agreement, making it more difficult for the Guardian Council to obstruct him at every turn.

## **Challenges to the Nuclear Deal: The Economy**

Iran's ailing economy may be the most immediate threat to Tehran's adherence to the nuclear agreement. Rouhani's ability to maintain the agreement and push through his economic agenda is heavily reliant on the perceived success of sanctions relief. Iranian officials from across the political spectrum are frustrated by Iran's slow economic recovery and often blame primary U.S. sanctions that were not part of the nuclear agreement. Iranians' short-term expectations of benefits stemming from the JCPOA may be too high, however; regardless of the removal of sanctions, foreign investors will continue to be wary of entering Iran because of concerns over such issues as money laundering and terror financing, the heavy involvement of the IRGC in the economy, and high levels of corruption.

There are several factors in Iran's anemic economic performance that outweigh the impact of U.S. policy. Iran's antiquated financial and banking system does not meet standards set by the Financial Action Task Force (FATF) on money laundering and the financing of terrorism. Even though nuclear-related sanctions against Iran have been eased under the JCPOA, Iran's banking system is still considered to be high risk by the rest of the international community.

Other issues have also dampened enthusiasm for Iran as one of the largest "untapped" markets in the world. The IRGC, engaged in human rights abuses and support for terrorist proxies



in the region, is heavily involved in Iran's economy. Many foreign businesses are worried that ostensibly private Iranian banks and businesses may in fact serve as IRGC front companies or have hard-to-detect links to the IRGC. Dealing with the IRGC could trigger U.S. sanctions against potential foreign investors. The opaque nature of Iran's heavily centralized economy makes due diligence a cumbersome process for foreign firms. The IRGC's repeated arrest of Iranian dual nationals has also created a climate of fear that hinders foreign investment and the opening of the economy.

Finally, low oil prices, high corruption, a lack of efficient economic planning, and extensive damage caused by years of heavy sanctions are likely to translate into a slow and frustrating post-JCPOA economic recovery for Iran.

Khamenei lays the blame on the United States, but for him American enmity may be beside the point; the supreme leader has used Iran's economic challenges as a political weapon against Rouhani, wherever the real blame may lie. Khamenei supported negotiations from the beginning but has always expressed doubt about U.S. commitment to the JCPOA. He also fears that the JCPOA will boost the forces of political reform in Iran. Hence, his criticism of sanctions relief not only reinforces his original skepticism, proving his "wisdom" as Iran's leader, but also undermines Rouhani's approach toward critical foreign policy issues, such as further engagement with the United States, which Khamenei has said would be a "deadly poison."<sup>32</sup> In a March 2016 speech to mark the Persian new year, Khamenei said that, because Washington has not lived up to its end of the bargain, the nuclear agreement

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<sup>32</sup> Seyed Hossein Mousavian, "How to Kick-Start Iran-US Regional Cooperation," *Al-Monitor*, August 3, 2016.

has been a "total loss" for Iran.<sup>33</sup> He also criticized "the dangerous thinking" of people who were calling for a "JCPOA 2, 3, and 4," referring to those who see the nuclear agreement as a stepping stone to more engagement with the United States.<sup>34</sup> He insinuated that those people were unwittingly helping the Americans undermine Iranians' revolutionary ideology. This was a not-so-veiled criticism of Rouhani, who called the 2016 parliamentary elections the "JCPOA 2," meaning that they were a continuation of the progress his administration had made as a result of the nuclear agreement.<sup>35</sup> Khamenei also mentioned that the negotiating team had been forced by the Americans to cross some of his red lines.<sup>36</sup> This criticism provided a further opening for Rouhani's critics to attack the nuclear agreement. For instance, in a speech to university students several weeks after Khamenei's address, former nuclear negotiator Saeed Jalili called the JCPOA a "total loss" and assured the audience that he never would have signed it.<sup>37</sup> In August 2016, a large billboard went up in Tehran that read, "Six months after the

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<sup>33</sup> Office of the Supreme Leader, "Hozoor va Sokhanraani-ye Rahbar-e Enghelaab Dar Haram-e Motahar Razavi [Revolution Leader's Presence and Speech in Holy Shrine of Reza]," March 20, 2016.

<sup>34</sup> Office of the Supreme Leader, 2016.

<sup>35</sup> "Rouhani: Hame Baayad Baraa-ye Ejraa-ye Barjaam-e 2 Beh Sahneh Biyayand [Everyone Must Come Out to Implement JCPOA 2]," *Khabar Online*, February 3, 2016.

<sup>36</sup> Office of the Supreme Leader, 2016.

<sup>37</sup> "Saeed Jalili: Barjaam Khesaarat-e Mahz Ast [Saeed Jalili: JCPOA a Total Loss]," *Kheybar Online*, April 11, 2016.

JCPOA [implementation] has passed, no tangible effect on people's lives."<sup>38</sup>

The anti-nuclear deal rhetoric appears to have been effective. Public approval of the deal dropped from 76 percent in August 2015 to 63 percent in July 2016.<sup>39</sup> And in a significant indication that many Iranians believed the Rouhani administration was taken advantage of, in July 2016 only 29 percent believed that the P5+1 had made significant concessions to Iran, down from 65 percent in August 2015. Moreover, the percentage of Iranians who believed that Washington would live up to its obligations as stipulated by the JCPOA dropped from 45 percent in 2015 to 26 percent in July 2016.<sup>40</sup> Perhaps more disconcerting for Rouhani, the more people seem to know about the deal's details, the less supportive they are. For instance, of those who incorrectly believe that the United States has agreed not to impose any future sanctions, 74 percent favor the JCPOA.<sup>41</sup> Meanwhile, only 43 percent of those who realize that Washington made no such commitment express support for the agreement.<sup>42</sup> A similar pattern can be seen between those who believe that the International Atomic Energy Agency is prohibited from inspecting Iranian military sites versus those who understand that the agency does in fact have that authority.<sup>43</sup>

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<sup>38</sup> Reza H. Akbari, Twitter post, 6:54 a.m., August 5, 2016.

<sup>39</sup> Mohseni, Gallagher, and Ramsay, 2016.

<sup>40</sup> Mohseni, Gallagher, and Ramsay, 2016.

<sup>41</sup> Mohseni, Gallagher, and Ramsay, 2016.

<sup>42</sup> Mohseni, Gallagher, and Ramsay, 2016.

<sup>43</sup> Mohseni, Gallagher, and Ramsay, 2016.

This does not mean that Khamenei seeks to violate the JCPOA. Iran does not view the agreement as a failure that must be abrogated. Criticisms of the JCPOA are not only motivated by domestic politics but are also a way for Iran to pressure Washington to provide more economic benefits.

Nevertheless, a struggling economy may spell trouble for Rouhani and his nuclear agreement. Currently, the only issue uniting the various factions that back Rouhani is the nuclear issue and the expectation of economic development following the sanctions relief.<sup>44</sup> If key segments of Iranian society do not feel that they are reaping adequate benefits from the deal, it could lead to a breakdown in cohesion among the pragmatic conservatives, reformists, and allied principlists, which would intensify domestic disputes over political and social reforms as well as competition over the balance of power within the regime. At the same time, increased tensions over domestic issues could prompt a breakdown in the consensus over the nuclear issue.

Lack of substantial economic and social progress prior to the 2017 presidential election could weaken support for Rouhani from his reformist base. His replacement by an ideological president similar to Ahmadinejad could certainly impact the nuclear deal by shifting the regime's center of gravity away from the centrists. Income inequality and poverty have increased during Rouhani's term, and there has been a large loss of jobs in the important industrial sector.<sup>45</sup> And the drop in oil prices has made Rouhani's job

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<sup>44</sup> International Crisis Group, *Iran After the Nuclear Deal*, Middle East Report No. 166, Brussels, Belgium, December 2015.

<sup>45</sup> Djavad Salehi-Isfahani, "Will a Weak Economy Affect Iran's Parliamentary Election This Week?" *Tyranny of Numbers*, February 24, 2016.

even more difficult. In 2016, almost three quarters of Iranians said that their lives had yet to improve as a result of the nuclear deal.<sup>46</sup> Moreover, almost 60 percent said that the economy was in a bad state, an increase from 44 percent in May 2015.

While Rouhani faces discontent among his own supporters, Iran's traditional economic elite may present the greatest challenge to future consensus over the nuclear agreement. Traditional conservatives, much of the security establishment—including the IRGC, and large autonomous foundations controlling huge portions of Iran's wealth have supported the nuclear agreement, yet they fear that it will provide an opening for undesired change in Iran. Perhaps most importantly, this status quo grouping stands to lose its unchallenged economic position in the post-sanctions era. Rouhani's major objective is to expand the role of non-regime-affiliated private enterprises to attract foreign investment. But the IRGC remains a decisive and monopolistic force within Iran's economy; while the IRGC and its allies welcome the easing of sanctions and resumption of oil exports, they nevertheless are generally opposed to rapid and far-reaching economic liberalization that could lessen regime control over both the economy and society. This issue came to a head after the Rouhani administration agreed to anti-money laundering reforms suggested by FATF, which led some Iranian banks to distance themselves from the IRGC.<sup>47</sup> The supreme leader's foreign policy advisor, Ali Akbar Velayati, warned Rouhani against succumbing to the "enemy's plots" to undermine Iran's sov-

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<sup>46</sup> Mohseni, Gallagher, and Ramsay, 2016.

<sup>47</sup> Saheb Sadeghi, "Financial Watchdog Worries Iranian Hardliners," *Al-Monitor*, September 28, 2016.

ereignty.<sup>48</sup> Rouhani and his allies are attuned to the deep power of the IRGC and its ability to block change in Iran. While knowing he cannot exclude the IRGC from the economy, Rouhani is also anxious to create enough space for Iran's struggling private sector. In May 2014, Mohammad Nobakht, Rouhani's vice president for management and planning, told a group of senior IRGC members, "We do not want the Guards to compete with the private sector."<sup>49</sup>

Perhaps an even larger challenge for Rouhani will be loosening the grip of the inefficient semigovernmental sector of the economy, which controls at least half of Iran's gross domestic product.<sup>50</sup> These companies are majority-owned by entities closely affiliated with the government, such as the Basij Cooperative Fund and Mellat Bank. In January 2016, conservative Basiji students gathered outside the Oil Ministry building in Tehran to protest the Rouhani administration's proposed new Iran Petroleum Contract, which would provide foreign companies with rights to a percentage of the country's oil reserves for 20 to 25 years.<sup>51</sup> Rouhani's opponents seek to preserve the dominant role of these semigovernmental entities to keep the security state in control of the economy.<sup>52</sup> Specifically, Rouhani's opponents want the government to control the rate and

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<sup>48</sup> Sadeghi, 2016.

<sup>49</sup> "Nobakht: Nemikhaahim Sepaah ba Bakhsh-e Khosoosi Reghaabat Konad [Nobakht: We Do Not Want IRGC to Compete with Private Sector]," *Asr-e Iran*, May 21, 2014.

<sup>50</sup> Kevan Harris, "Iran's Political Economy Under and After the Sanctions," *Washington Post*, April 23, 2015.

<sup>51</sup> Farideh Farhi, "Iran Elections Update," *LobeLog*, February 3, 2016.

<sup>52</sup> Mohammad Ayatollahi Tabaar, "Iran's Russian Turn: The Start of a New Alliance," *Foreign Affairs*, November 12, 2015.

source of foreign investment to prevent Western domination of the economy, which they fear would lead to social corruption.<sup>53</sup> In this vein, the IRGC's repeated detention of Iranians holding dual European or American citizenship may be part of an effort to deter the return of diaspora Iranians who could best facilitate the entry of Western firms into the market.<sup>54</sup>

### **Challenges to the Nuclear Deal: Geopolitics**

Increased tension with the United States could ultimately convince Iranian leaders that pursuing a nuclear deterrent is worth the fallout of stepping away from the deal. A number of factors could undermine the relative diplomatic progress achieved under the Rouhani administration.

The most likely source of conflict will be Iran's rivalry with America's allies in the Middle East. The need to double down on containing Iran in support of Israel and the Arab monarchies in the Persian Gulf remains the consensus position in Washington.<sup>55</sup> Continued conflict in Syria and Yemen could increasingly pit U.S. forces against Iranian allies. For instance, in October 2016, the U.S. Navy targeted Houthi rebel installations in Yemen for the first time in response to missile attacks on American warships

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<sup>53</sup> "Sarlashkar Jafari: Baayad Moraagheb-e Nofooz-e Fekri, Farhangi, va Siaasi-ye Doshman Baashim [Major-General Jafari: We Must Beware the Enemy's Ideological, Cultural, and Political Infiltration]," *Tasnim*, October 7, 2015; "Beh Ayandeye Bar Jaam Etminaan Nadaarim [We Do Not Have Confidence in Future of JCPOA]," *Mebr News*, November 7, 2015.

<sup>54</sup> Rick Gladstone, "Consultant's Continued Detention Chills Iranian-Americans," *New York Times*, February 8, 2016.

<sup>55</sup> Dalia Dassa Kaye, "The Iran Deal Is Working: What Now?" *The National Interest*, March 9, 2016.

operating off the Yemeni coast.<sup>56</sup> While some analysts downplay Saudi assertions that the Houthis are direct Iranian proxies, they, at the very least, receive weaponry and moral support from Tehran. Whatever the true nature of the Iran-Houthi relationship, the Trump administration could face domestic pressure to retaliate against perceived Iranian provocations.

Neither Tehran nor Washington may have the appetite for a major military confrontation that could derail the JCPOA and lead Iran to once again pursue a nuclear weapons capability aggressively. However, U.S. attempts to counter Iranian activities in the region, especially in Yemen, could possibly lead to scenarios in which relatively minor events, such as U.S. interdiction of Iranian weapons shipments to the Houthis, could lead to a larger military conflict in much more strategically sensitive areas, such as the Persian Gulf and the Strait of Hormuz.

It may make sense for the United States to show resolve to Iran, but any demonstration of military might to Tehran is unlikely to be met with Iranian passiveness; rather, Iranian officials will likely be eager to demonstrate Iranian resolve not just for domestic audiences, but also for the new U.S. administration. Moreover, Iran is aware that it is no longer isolated on the nuclear issue and may even be able to portray the United States as the irresponsible party, especially given President's Trump strong criticism of the JCPOA. Hence, additional U.S. sanctions and attempts to counter Iran regionally in an aggressive manner may provide Tehran with the opportunity to portray itself as the more responsible party.

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<sup>56</sup> Matthew Rosenberg and Mark Mazzetti, "U.S. Ship Off Yemen Fires Missiles at Houthi Rebel Sites," *New York Times*, October 12, 2016.

The United States and Iran are likely to remain regional rivals for years to come. However, the JCPOA demonstrates that the two can agree on certain issues and even cooperate where their interests converge. Washington and Tehran may not be directly partnering in fighting the Islamic State of Iraq and Syria (ISIS), for example, but they are essentially fighting the same enemy. The Iranian regime is partly responsible for the rise of such groups as ISIS as Tehran pursues increasingly sectarian policies in the region. Yet violent conflict in the Middle East is not simply due to Iranian actions. The tendency of regional powers, such as Saudi Arabia, to see Iranian actions in black-and-white terms and the funding and arming of numerous Sunni Jihadi groups by Arab states and Turkey also contribute to the sectarian strife in the region. Iran may be part of the problem, but pursuing a policy of pure pressure—for example, by imposing additional sanctions—will not lead to lasting solutions. Undermining the JCPOA will not only endanger a successful nonproliferation agreement, but it is also likely to exacerbate regional conflict to the detriment of American interests.

### **Challenges to the Nuclear Deal: Succession**

The coming succession to Khamenei is likely to be the pivotal battle for power in a future Iran. The supreme leader's death and the struggle in choosing his successor may widen the fissures within the Islamic Republic. While the elite may be committed to the survival of the regime, their competition for wealth and power and their differences over Iran's future could prove to be a major blow to regime unity. Although the Iranian constitution authorizes the Assembly of Experts to select the new supreme leader, the actual succession process is likely to be more convoluted. Rather than the specific makeup of the Assembly, the particular configuration

of the power networks at the time of Khamenei's death and the pressure they can bring to bear on the Assembly will be the most important factor.<sup>57</sup>

The clerical establishment in Qom is unlikely to play a critical role in the selection process. Throughout his reign, Khamenei has effectively marginalized formerly influential ayatollahs and propped up minor clerics who are reliant on him financially—many of whom are represented in the Assembly of Experts.<sup>58</sup>

The IRGC, on the other hand, will attempt to play a decisive role in the succession. Because Khamenei lacked a strong base of support among the clerics when he came to power, he has increasingly relied on the IRGC to buttress his authority. They and their affiliated networks likely would exert pressure on Assembly members during the selection process. They are likely to be aided by the archconservative Ayatollah Jannati, who heads both the Guardian Council and the Assembly of Experts. This network would push strongly for Khamenei's favored successor. However, the IRGC is not monolithic, and an internal dispute could arise over succession, which could destabilize the political system.<sup>59</sup> Divisions between Iran's factions could also appear within the IRGC and fracture it as it attempts to shape succession.

Moreover, centrist or "moderate" forces within Iran's establishment will attempt to shape the succession to Khamenei by

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<sup>57</sup> Alireza Nader, David E. Thaler, and S. R. Bohandy, *The Next Supreme Leader: Succession in the Islamic Republic of Iran*, Santa Monica, Calif.: RAND Corporation, MG-1052-OSD, 2011.

<sup>58</sup> Mehdi Khalaji, "Choosing Iran's Next Supreme Leader," Washington Institute for Near East Policy, February 6, 2016.

<sup>59</sup> Khalaji, 2016.

exploiting their numbers within the Assembly of Experts and the elected government. Rafsanjani was expected to play a major role in the succession process; his death could undermine any centrist/reformist attempts to have a major role in shaping the post-Khamenei era. Nevertheless, despite their lack of a decisive role in government, the reformists and their allies among the public may resist the selection of a supreme leader only favored by the IRGC and the conservative establishment.

Khamenei may not have publicly indicated a preference for a specific leader to succeed him, but it would not be surprising if he were currently discussing his succession with his closest advisors. There is no definite proof regarding a possible successor, but Iran has been rife with rumors. In particular, the newly appointed chief of the Imam Reza shrine in Mashhad, Ayatollah Ebrahim Raisi, has emerged as a possible candidate. Raisi is not only a senior cleric, but he also commands the enormous resources of the wealthy Imam Reza shrine conglomerate. He has close relations with Khamenei, the IRGC, and the conservative establishment in general. He was also a key figure in enacting the mass executions of 1988. Khamenei, fearing a reformist resurgence,<sup>60</sup> could look to someone like Raisi to protect his legacy and ensure that Iran does not deviate from its revolutionary principles.

A relatively smooth succession may mean a more-secure Iranian commitment to the JCPOA, especially if Khamenei's successor shares his view of the JCPOA as a necessity. Even a much more hardline or conservative supreme leader would still be bound to the nuclear agreement, given Iran's still-vulnerable economic and dip-

lomatic situation. A contested succession in Iran could jeopardize the agreement if the political system or the country as a whole were to become unstable. The JCPOA could become hostage to potential political divisions and infighting following Khamenei's death. Still, it is difficult to imagine one single event derailing the JCPOA from within Iran. Furthermore, the Islamic Republic appears stable and in control, and it is probably strong and united enough to ensure a relatively smooth succession to Khamenei. But Iran's stability cannot be taken for granted; domestic instability, factional divisions, and a rocky succession may threaten the viability of the JCPOA, especially if U.S.-Iran relations decline under a Trump administration.

## Conclusion

Regime consensus is a key factor in Iran's adherence to the JCPOA. Despite their differences, Iran's competing factions have achieved a relatively stable consensus on the nuclear agreement. However, a lack of substantial economic benefits from the nuclear agreement and a marked increase in U.S.-Iranian tensions could shatter regime unity regarding the JCPOA's utility. In the short term, a failure by Rouhani to win reelection in 2017 could shift the balance of power back into the hands of traditional conservatives and principlists who oppose Iran's reintegration into the global economy and, therefore, are less averse to provoking the international community than are the centrists and reformists. A return to Ahmadinejad-style diplomacy would place strain on the nascent relationships built up between Western and Iranian diplomats over the past few years of professional dialogue fostered by Rouhani and Foreign Minister Mohammad Javad Zarif. Increased Iranian provocations would strengthen the hand of the JCPOA's opponents—whether in

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<sup>60</sup> Najmeh Bozorgmehr, "Inside the Battle to Succeed Supreme Leader Khamenei," *The Financial Times*, October 24, 2016.

Riyadh, Tel Aviv, or Washington—in their efforts to convince the new U.S. presidential administration to impose punitive measures that Iranian hardliners, in turn, would claim violate the deal. In the longer term, Khamenei’s advancing age opens up uncertainty regarding the overall foreign policy stance of the regime itself.

While Rouhani’s long record of consensus-building within the regime was reflected in the results of the 2016 elections—bringing together political rivals into a coalition to pursue economic development through a moderate foreign policy—it likely has not escaped him that Khamenei has clashed with every president during his reign as supreme leader. This is due to the structure of the governing system, where the republican and theocratic aspects of the government cause inevitable friction. Despite a relationship with Khamenei that goes back several decades, Rouhani and Khamenei likely will face off over their diverging visions of the way forward.<sup>61</sup>

The president will have to walk a tightrope during his reelection campaign in 2017, keeping his reformist supporters hopeful enough to turn out to vote while not alienating important principals, such as Ali Larijani and Ali Motahari. In the end, Rouhani’s attempts at social reform are likely to cause disappointment among reformists and the public, as well as anxiety among the conservative establishment.

Most importantly, a continued slow recovery from sanctions would pose a challenge for Rouhani’s reelection and could strengthen candidates who are less supportive of the nuclear deal. Although Iran’s oil production has returned to pre-sanctions levels and the country saw \$3.5 billion in foreign direct investment in the

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<sup>61</sup> Rouhani, 2009.

first quarter of 2016, the majority of Iranians have yet to feel the benefits of the deal.<sup>62</sup> This likely has been the main factor behind a drop in support for Rouhani. While 53 percent of Iranians polled in May 2015 said they would vote him in for a second term, in June 2016 only 45 percent said they would do so.<sup>63</sup> Meanwhile, their willingness to reelect Ahmadinejad increased from 27 percent to 37 percent.

Therefore, Washington must do more to ensure that the average Iranian sees the economic benefits of the deal—or, at the very least, to counter the ability of Rouhani’s opponents to allege that the Americans are taking advantage of his administration. It is important to note that, as part of the JCPOA, the United States is obligated not only to lift the nuclear-related sanctions but also to be proactive in preventing any regulations from interfering with Iran’s ability to attain the benefits promised in the deal.<sup>64</sup> In this vein, changes made by Congress to the U.S. Visa Waiver Program in December 2015, including a new rule that removes Europeans who have traveled to Iran for business from the program, are considered by Iranian officials to violate the deal.<sup>65</sup> Moreover, the JCPOA stipulates that the P5+1 and Iran “will agree on steps to ensure Iran’s

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<sup>62</sup> Scott Peterson, “Year After Nuclear Deal, Iran’s High Expectations Not Met,” *Christian Science Monitor*, July 14, 2016.

<sup>63</sup> Mohseni, Gallagher, and Ramsay, 2016.

<sup>64</sup> Tyler Cullis, *Understanding U.S. Sanctions-Related Obligations Under the JCPOA*, Washington, D.C.: National Iranian American Council, 2016.

<sup>65</sup> The Iran Primer, “U.S. Implements Changes to Visa Waiver Law,” United States Institute of Peace, January 21, 2016.

access in areas of trade, technology, finance and energy.”<sup>66</sup> To do so, the United States Treasury should authorize “U-turn transactions” that would allow international companies to engage in dollar transactions with Iranian counterparts without violating regulations prohibiting U.S. banks from facilitating trade with Iran.<sup>67</sup>

To help ensure that centrists continue to play a decisive role until the inevitable succession crisis, Washington must take efforts to lessen Tehran’s perception that the United States poses an existential threat. This would mean, for instance, helping to facilitate a cessation of hostilities between Iran and Saudi Arabia rather than reflexively taking Riyadh’s side in the conflict. It would also mean being open to collaborating with Iran to counter the mutual threat of Sunni extremism, including efforts to bring stability to Afghanistan. If ensuring the longevity of the nuclear deal truly is a U.S. strategic priority, the President may have to take steps that are not politically advantageous in the short term. But weighed against the alternative, that risk is advisable.

Meanwhile, if Iran’s economy does improve, it could lead to more tension between Rouhani and Khamenei over the degree to which Iran should welcome Western business and investment now that sanctions have been removed. Khamenei is concerned that exposure to Western ideas, technology, and culture will further corrupt Iran’s youth.<sup>68</sup> Rouhani, on the other hand, has criticized

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<sup>66</sup> *Joint Comprehensive Plan of Action*, Vienna, Austria, July 14, 2015, paragraph 33.

<sup>67</sup> Barbara Slavin, “The U.S. Is Hampering Iran’s Return to the World,” *Newsweek*, April 20, 2016.

<sup>68</sup> “Diidaar-e Rahbar-e Moazam-e Enghelaab ba A’zaaye Shoraaye Aaliye Enghelaab-e Farhangi [Supreme Leader of the Revolution’s Meeting with Members of

those who “cower in a corner,” trying to block out the outside world.<sup>69</sup> In the wake of public rebukes from the supreme leader, several Rouhani allies in parliament have warned him not to run for reelection out of fear that he would be defeated.<sup>70</sup>

Nevertheless, it is unlikely that Rouhani will cause an irreparable rift with Khamenei. Having served as a key member of the security establishment since the Islamic Republic’s inception, Rouhani is deeply entrenched in Iran’s power structure. As one former Rouhani aide put it, “When it comes to social issues, he’s very open-minded and close to Western standards. He’s less open and more conservative when it comes to political issues.”<sup>71</sup> Rouhani is likely to move cautiously, knowing that he has to preserve his relationship with Khamenei while maintaining a working relationship with the conservative establishment. Rouhani’s ability to preserve consensus on the nuclear agreement is challenging but not impossible. Iran’s president has proven to be adept at navigating politically within Iran’s chaotic and competitive regime. But Khamenei’s modicum of support has been critical for Rouhani’s limited successes—there is no guarantee that the next supreme leader will be as supportive.

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Supreme Council of Cultural Revolution],” *Fars News Agency*, December 10, 2013.

<sup>69</sup> According to the president, preventing youths from competing in the global marketplace of ideas will stymie the economic development that is so key to preserving the Islamic Republic. Hassan Rouhani, “Hassan Rouhani’s Speech During 4th National Celebration of Communication and Information Technology,” *Islamic Republic of Iran Broadcasting*, May 17, 2014.

<sup>70</sup> Saeed Kamali Dehghan, “How Iran’s Hassan Rouhani Found His Voice Three Years into Office,” *The Guardian*, May 6, 2016.

<sup>71</sup> “Former Aide Says Iranian President-Elect ‘Is Not Superman,’” 2013.



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## About This Perspective

The Joint Comprehensive Plan of Action (JCPOA) nuclear agreement between Iran and the P5+1 (the United States, the United Kingdom, France, Russia, China, and Germany) has proven successful so far. The curtailment of the nuclear program has made it much more difficult for Iran to weaponize its program while reducing its international diplomatic and economic isolation. However, some major challenges to the JCPOA from within Iran may emerge in the future, especially in the wake of tensions with the United States.

This Perspective examines the nature of the factional divisions that exist in Iran; how this factionalism may impact the nuclear agreement; and the viability of the JCPOA if major events were to occur, such as the death of the supreme leader or heightened U.S.-Iran tensions. This Perspective will be of interest to policymakers, analysts, and academic researchers.

A lack of substantial economic benefits from the nuclear agreement and a marked increase in U.S.-Iranian tensions could shatter regime unity regarding the JCPOA's utility. In the short term, a failure by Rouhani to win reelection in 2017 could shift the balance of power back into the hands of traditional conservatives and principlists who oppose Iran's reintegration into the global economy and, therefore, are less averse to provoking the international community than are the centrists and reformists.

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