SPECIAL EDITION

The Domestic and Foreign Policy Challenges of the New Iranian President, Hassan Rouhani

The views of 25 experts from the Middle East, Europe, and the United States

Viewpoints
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Haleh Esfandiari, *director, Middle East Program, Woodrow Wilson International Center for Scholars*

On the occasion of the Iranian presidential elections and the victory of Hassan Rouhani to be the seventh president of Iran, the Wilson Center's Middle East Program invited a number of Iran experts in the United States and abroad to share their views regarding the challenges President Rouhani will face.

Hassan Rouhani is the fourth cleric to hold the presidency. He is an insider, part of the ruling establishment of the Islamic Republic. One should not expect a turn-around when it comes to fundamental political decisions.

Rouhani's election victory came as a surprise. Among the six candidates allowed to compete for the presidency, he was the only centrist. The other candidates represented different shades of conservatism. Pre-election polls anticipated a run-off between Rouhani and Tehran Mayor Mohammad Baqer Qalibaf, not an outright Rouhani win. But when former presidents Hashemi Rafsanjani and Mohammad Khatami endorsed Rouhani, reformists and moderates initially inclined to sit out the election turned out for Rouhani in large numbers, sealing his success in the first round with 50.7 percent of the votes.

The president-elect faces major challenges at home and abroad. He inherits from the outgoing President Mahmoud Ahmadinejad a dysfunctional government based on cronyism and corruption and an economy in deep doldrums due to sanctions from abroad and mismanagement at home. Inflation is rising rapidly; unemployment is high, especially among the younger generation; domestic industries are shutting down due to the difficulty of obtaining raw material, spare parts, or credit; and banks have difficulty opening letters of credit.

Rouhani also needs to ease the interference in the lives of Iranians by the morals police and the political watchdogs without alienating the powerful Revolutionary Guards and security agencies. He needs to persuade the Leader and the hardliners to accommodate the desire of Iranians for more freedom, to release political prisoners and the leaders of the Green Movement, to adopt a new approach to Iran's nuclear negotiations with the West, and to moderate Iran's foreign policy.

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Michael Adler, *public policy scholar, Wilson Center*

Iranian president-elect Hassan Rouhani inherits an ailing economy at home and a host of problems on the international front. And the domestic and foreign issues are directly related.

The Iranian economy is reeling from sanctions that are crippling its ability to trade. The sanctions, which are against Iran's nuclear work, include collective interdictions from the United Nations and even tougher measures from individual countries such as the United States. The sanctions limit travel by senior Iranian officials, cut into oil sales that are Iran's main source of revenue, and impede the ability of the central bank to finance Iranian business abroad. This comes at a time when Iran has undertaken a reform of its domestic subsidies, reducing Iranians' buying power.

All eyes are on whether Rouhani will present a more conciliatory approach in international talks on Iran's nuclear program, which Washington fears is directed to making nuclear weapons. The talks have broken down due to the irreconcilable positions of the two sides. Iran wants sanctions lifted as a first step and its right to make nuclear fuel acknowledged without reserve. The United States and its five negotiating allies want Iran first to stop medium-level enrichment, which makes fuel closer to what Iran would need to have bomb material, and then to suspend all enrichment until there are guarantees Tehran will not seek atomic arms.

During the campaign, Rouhani and others blamed outgoing President Mahmoud Ahmadinejad for a confrontational attitude that torpedoed the nuclear talks. The big question is whether Rouhani will have the green light from Iran's Supreme Leader and ultimate decision maker, Ayatollah Ali Khamenei, to stress engagement over hardline tactics so that Iran can end its isolation and get the foreign trade and investment it needs to grow its economy.

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Roksana Bahramitash, *former fellow, Wilson Center, and director of research, Canada Research Chair in Islam, Pluralism, and Globalization, University of Montreal*

The Canadian Minister of Foreign Affairs, John Baird, initially described Iran's recent election as "meaningless." It took him a few days to understand that he had, in fact, insulted the Iranians and had it all wrong. Shortly thereafter, Baird apologized. Yet, while this incident is indicative of his lack of understanding, it is also true that Iran's political scene is far from simple. Events in Iran continue to take the world by surprise. This began

with the 1979 revolution and the ousting of the shah, then Mohammad Khatami's landslide victory in 1997 (which felt like another revolution), and was followed by the major upheaval of 2009, only four years ago. And now with the result of the most recent election and the forthcoming presidency of Hassan Rouhani, who is clearly a moderate and seeks peace rather than confrontation with the West, one might argue that a page has just turned. Hitherto, this is not a clean slate.

Some commentators have argued that this was an attempt to save *Velayat-e- Faqih,* i.e., the rule of religious authority of the grand ayatollah. They say that Ayatollah Khamenei permitted Rouhani's presidency because only a moderate can guarantee the survival of the supremacy of religious leadership. Others view Rouhani's win as a result of the Iranian people's eagerness for democracy. There are many other views. For example, some note that in a country like the United States, where there is no religious Guardian Council to vet presidential candidates, those who become presidential candidates need access to power and resources, monetary and otherwise. So what is the big deal? Opinions are varied indeed.

However, one point is clear: Iranian women and young people took to the ballot box in great numbers, to express their support for Rouhani. Nonetheless, the future is mixed, and there are a lot of questions and not easy answers. How can the newly elected president exercise moderation without alienation? How can he deal with demands that all political prisoners be released immediately; address an economy crippled by draconian sanctions; navigate Iran's international political negotiations in a region burning with political unrest from its neighboring countries, Afghanistan, Pakistan, Turkey, and Iraq, to Syria, and not stumble on international and national landmines? These are the buzzing questions; consuming all commentators with what belies the future of the country, which could be critical to the region. Meanwhile, perhaps the best answer for now is to say that Rouhani is faced with a daunting task, and let us all be optimistic, and wait and see.

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Daniel Brumberg, *senior program officer, Center for Conflict Management, United States Institute of Peace*

One key challenge facing Iran's leaders, and president-elect Rouhani in particular, will be to find a way back to some kind of political consensus—one that will allow voices that were excluded or silenced over the last four years to reenter the formal political arenas and to express themselves through the media. I am not talking ambitiously here about political reform writ large, much less democratization. But if there is going to be any hope for bridging the ideological and social gap between Iran's youth—particularly those who occupy the vast but alienated urban middle class centers—and the regime, this must begin with some political decompression. One central obstacle to such a dynamic has been the growing political and economic power of the Revolutionary Guard Corps and its key allies, not least of whom is the Supreme Leader.

Post-June 2009, the exclusion of the Islamic left, led first by Khatami and then briefly by Mousavi, and the Republican right, led by Hashemi Rafsanjani, not only created a dangerous polarization, it destabilized the political system by excluding camps whose balancing by the leader was key to the system itself. Moreover, it also allowed the former president and his allies to pursue disastrous economic policies. Although he is to the right of Khatami, Rouhani might use his credibility with pragmatic principlists to help negotiate some kind of accommodation. The latter would hardly pacify many Iranians. But under the difficult domestic and political conditions Iran is now facing, the leader himself might not oppose such an effort, and what is more, as Khatami himself put it to a group of university students, even a modest political opening would create space for a "Reformist discourse… that strives to make politics moral and not to make religion or morality political."

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Malcolm Byrne, *former public policy scholar, Wilson Center, and deputy director, National Security Archive, George Washington University*

Hassan Rouhani says he is prepared, in principle, for a dialogue with Washington. Experience has shown what a high-risk move this can be domestically for an Iranian (or an American) leader, and it will be met with some skepticism abroad. His challenges will be to show hardline Iranians they have nothing to fear and prove to the world he is in earnest. A low-key but valuable first step would be to encourage Iranians and Americans jointly to come to grips with the historical roots of the current stalemate. Some of the reasons for our mutual enmity are obvious. Yet former U.S. officials acknowledge that Iran's policy process is largely a black box. It stands to reason many in Tehran feel similarly about the United States. This is the kind of ignorance that can lead and has led to conflicts far better avoided. By tacitly permitting unofficial (i.e. low-risk) exchanges based on reasonable access to the historical record and mutual respect for opposing viewpoints, Rouhani could help make possible a series of non-polemical, cooperative explorations of Iranian and U.S. policymaking over the past 35 years that would benefit decision-makers and publics alike. In fact, meetings of this sort have taken place (in which this author was involved), including a groundbreaking 2000 conference in Tehran on the Mosaddeq period and more recent sessions in the United States on post-revolutionary crises, with Iranians in attendance. These have produced conclusions highly germane to today's environment, as well as published volumes (most recently *Becoming Enemies,* on the Iran-Iraq War) that have been praised by Americans and Iranians. What such inquiries provide, above all, is the opportunity to challenge distorted perspectives and clarify national narratives so that each side can learn from their shared experiences and—*inshallah*—begin to derive more clear-eyed policies as a result.

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Houchang Chehabi, *professor, International Relations Department, Boston University*

Isn't it ironic? After more than three decades of complaining about clerical rule, liberal Iranians are relieved that the only cleric among six presidential candidates won! Hassan Rouhani is no liberal, and reform-minded Iranians voted for him *faute de mieux.* Keeping those who voted for him engaged with the institutions of the Islamic Republic, while not overstepping the numerous red lines drawn by the conservatives who hold real power, is a major challenge for the new president.

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Shahram Chubin, *former public policy scholar, Wilson Center, and nonresident senior associate, Nuclear Policy Program, Carnegie Endowment for International Peace*

Hassan Rouhani finds himself confronting a difficult series of issues in foreign relations with a number of obstacles in his path.

First, the resolution of the nuclear issue, which has dominated foreign relations since 2002, is a precondition to an improvement in relations with Europe and many other states. Rouhani comes to office with a record in this area: on the one hand, he is a trusted interlocutor abroad, though the target of criticism domestically for being too credulous in diplomacy. This mixed reputation will surely be tested once the regime's hardliners reform and resume their practice of using the nuclear issue as a political football.

Second, there is no sign that the Supreme Leader has changed his approach. He sees the nuclear issue as a pretext for pressuring Iran with the intention of changing its regime. Compromise in the face of this existential threat is a signal of weakness and "resistance" the only course. Khamenei may give Rouhani a chance to "deliver," but he is personally not engaged. If Rouhani fails, the failure is his alone; if he "succeeds," the victory is the Supreme Leader's to claim.

The t*hird* obstacle is the nature of the negotiations. Iran feels it is in a strong position, given the number of improved centrifuges spinning. The coalition believes that the sanctions have brought Iran to the table. Iran will want sanctions to be lifted early in the process, while the coalition, aware that sanctions cannot be turned on and off like a faucet, and were painstakingly assembled over time, will be loath to lift them until the last stages. A related and different problem is the nature of the coalition. The conservatives in the United States, Israel, and Saudi Arabia will want stricter controls on Iran than the Obama administration and the Europeans do.

Regionally, especially since the Arab Spring, the "resistance axis" has been marginalized. The dominant schism in the region has become sectarian, and Iran and its allies face a Sunni world that is arrayed against them in Syria as elsewhere. There is little room for normalization here.

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Kaveh Ehsani, *assistant professor, International Studies Department, DePaul University*

Hassan Rouhani begins his presidency from a position of unusual strength, as his election is welcomed by an unprecedented positive domestic and international consensus. This is as much an expression of universal relief at seeing the back of his predecessor as it is a sign of general recognition by Iran's electorate, political elites, and international adversaries, headed by the United States, that resolving Iran's internal and international problems through negotiations rather than coercion and confrontation is in everyone's interest.

First, domestic issues: the elections debunk yet again the myth of Iran as a totalitarian system. This is effectively a republican (though hardly democratic) system where no one has hegemony and popular opinion does mediate political distribution of power. Since 1979, futile attempts to monopolize power by single factions keep failing, and the popular vote has had to be acknowledged as the means to divide power among a fragmented elite. As Ayatollah Khamenei and Iran's Revolutionary Guard Corps acknowledged their setback, these elections can be seen in the long run as another tentative but significant step toward more political pluralism. The challenge facing Rouhani is to rebuild trust in vital state institutions where meritocracy and competence have been severely undermined. Tackling corruption, unemployment, inflation, and political intolerance are priorities. International sanctions are blamed as unjust and, so long as Rouhani can manage to restore effective governance and maintain an inclusive and civil tone, he will succeed in gluing back together a divided society and approach international challenges from a position of strength.

On the international front, Rouhani is better positioned to use his political capital than he is domestically. Despite its rhetoric, the Iranian establishment has always expressed willingness to enter negotiations, but not from a position of weakness. Attempts at normalizing relations with the United States have been torpedoed by various opponents who have feared capitulation or their own marginalization. In acknowledging the popular vote, conservatives have accepted a major setback, and they seem willing to gamble on Rouhani's ability to handle sensitive dossiers such as the nuclear file and Syria. Their gamble should be acknowledged and welcomed by the United States.

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Farideh Farhi, *former public policy scholar, Wilson Center, and independent researcher and Affiliate Graduate Faculty, University of Hawai'i at Manoa*

Rouhani himself has articulated three major problems that Iran faces: poor management of an economy, which is under a ferocious sanctions regime; Iran's troubled relationships with significant players in the region and the world; and a highly securitized domestic environment, which hampers the government's capacity to address the country's other two challenges.

The last challenge goes to the core of Iran's domestic politics, where factional rivalries struggle to control levers of power and significant differences regarding the direction of the country have combined to create a political impasse. A security-oriented outlook and approach has brought tight control over the streets, universities, civil society, the press, etc., but has also polarized the political environment and underwritten gridlock in decision-making. It is noteworthy, for instance, that in the past two years the parliament and president have not been able to pass an annual budget on time. This year it was done almost three months after the fiscal year had begun.

Without a doubt, Rouhani's first challenge is to oversee a degree of political reconciliation at the national level. Without this, movement in other areas will again face gridlock. His campaign message of "moderation and prudence" suggests that he understands the importance of moving the country away from a hard security approach to Iran's problems and challenges and toward the center of Iran's political spectrum—the only place where a degree of reconciliation can occur at this moment. From there his challenge is to negotiate between the demands of those pushing for faster change—as the post-election street celebrations are showing, the Green Movement is far from a spent force—and the resistance of many institutional players. This is while facing external powers that may continue to increase the pressure on Iran rather than relieve it.

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Jubin Goodarzi, *assistant professor and researcher, International Relations Department, Webster University, Geneva*

Barring a swift resolution in the coming weeks, the greatest foreign policy challenge in the Middle East that Iranian president-elect Hassan Rouhani will have to deal with upon assuming office will be the 27-month-old Syrian crisis. For the past 34 years, Tehran has looked upon Damascus as its closest and most valuable regional ally. Rouhani is fully aware of Syria's importance since he has held key government posts, including serving as head of the Supreme National Security Council (SNSC) between 1989 and 2005. There is no doubt that the situation in Syria will be a major concern and preoccupation for Rouhani.

The president-elect realizes that if Bashar al-Assad's government is overthrown, it would signify the greatest setback for the Iranian regime in the Middle East since at least 1988, when Tehran was forced to end the war against Saddam Hussein's Iraq and settle for peace. Ba'athist Syria has been key in serving Islamist Iran's ideological and foreign policy interests in the region. The alliance with Damascus has enabled Tehran to project its power into the Levant by being an actor in the Arab-Israeli theater and by providing support to the Lebanese Hezbollah movement. Besides the obvious offensive component in Tehran's rationale for propping up Damascus since the outset of the current crisis, there is also a defensive logic. From the Iranian perspective, the ongoing unrest in Syria is part of an effort by the regional and extra-regional enemies of the "axis of resistance"—composed of Iran, Syria, and Hezbollah—to dismantle the nexus by first overthrowing Assad and then focusing their efforts on the Islamic Republic. Hence, Syria is seen as the frontline of defense against an eventual onslaught on Iran. Secondly, Iran is extremely concerned about the recent spillover of the Syrian conflict into Lebanon and Iraq, especially the latter. Tehran fears that the growing Sunni insurgency against the Iraqi state (inspired and supported by the Syrian opposition) may eventually result in the collapse of Nouri al-Maliki's government and the subsequent ascendance to power of a new Iraqi government that is hostile to Iran. In fact, regime change in both Syria and Iraq would represent "the mother of all nightmares" for Iran.

Since 2012, Iran has been pursuing a two-pronged approach vis-à-vis Syria. It has continued to provide military, material, and financial support to the Assad regime; however, in parallel, it has welcomed and tried to be part of any diplomatic initiatives by third parties and the United Nations to find a political solution to the crisis. Hassan Rouhani will in all likelihood soften the political rhetoric emanating from Tehran and put greater emphasis on pursuing a negotiated settlement to the Syrian crisis, knowing full well that the Revolutionary Guards and hardline elements in Tehran aim to maintain their steadfast support for Damascus. It is definitely conceivable though that Iran, under the new leadership, would be amenable to accepting a political compromise, which would entail the formation of a national unity government in Syria that would not be hostile to Tehran, but would no longer be its close ally either.

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Fatemeh Haghighatjoo, *former member of 6th Iranian Parliament; CEO, Nonviolent Initiative for Democracy; and Faculty of University of Massachusetts, Boston*

One of the main challenges of Iranian president-elect Rouhani is making a deal on the nuclear issue with the P5+1, outlining the frame of recognition of Iranian domestic enrichment and the lifting of nuclear sanctions on Iran. Rouhani is well-suited for the job.

Rouhani must deal both with the regime's elite to build a national consensus and with the West. Iran's Supreme National Security Council (SNSC) has responsibility for nuclear talks. The president chairs this council and appoints its secretary. Its members include

the heads of three branches of the government, three military chiefs, three ministers, the president's deputy, and two representatives of the Supreme Leader.

Rouhani is in a unique position for consensus decision-making with all parties, including political and military figures. While the supreme leader takes the ultimate decision, the president and his SNSC team set tactics of negotiation and leverage the direction of the talks.

Iran's recent approach to the nuclear talks had been criticized by six out of the eight candidates during the presidential debates. This was one of the reasons Saeed Jalili had little support (4 percent of Iran's 70 million), showing that Iranians want a change in the direction of negotiations. This will give Rouhani the upper hand.

Also, Rouhani has good relations with the military and security community and Speaker of Parliament Ali Larijani, so he can gain their support. Larijani led the talks from 2005-2007, so he understands the P5+1.

To succeed, Rouhani must portray any future gain as a victory for all engaged parties.

Rouhani is an opportunity for the West. The West knows Rouhani's negotiation style. He is a deal broker who can address Iran's rights and obligations, while assuring that there will be no nuclear bomb diversion while saving face for Iran. This was outlined by seven former members of parliament in a letter (written on January 7, 2013) to President Obama, Lady Ashton, and Ayatollah Khamenei.

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Bernard Hourcade, *former public policy scholar, Wilson Center, and senior research fellow, Centre National de la recherche Scientifique (CNRS), Paris*

Hassan Rouhani will be a respectable and an honorable president, able to shake hands with other heads of states, and also a powerful policymaker inside Iran since he was able to create a minimum national consensus and unity, on a very specific but major occasion, under his name. However, these capacities are very fragile since the international and domestic oppositions have reached a paroxysm. After hope and consensus, the main danger is disappointment and the comeback of radical oppositions: 49.3 percent of the population did not vote for him.

The first challenge for the new president is to make his position stronger and sustainable. At the same time, symbolic measures have to be taken immediately for confidence building, for the satisfaction of the opposing socio-political actors, and for bringing Iranian policy into a new track: providing freedom for political prisoners and the media, giving the Revolutionary Guard Corps and veterans—especially Mohammad Baqer Qalibaf, the mayor of Tehran—top-level positions, accepting a provisional compromise on the nuclear issue by implementing the Additional Protocol of the Nuclear Non-

Proliferation Treaty, and traveling abroad to Saudi Arabia first in order to stop the war that the new twin gendarmes of the Persian Gulf are doing in Syria.

The main challenge for Rouhani is to manage this new stage in the history of the Islamic Republic of Iran. The dream of radical regime change is no longer realistic since domestic and foreign constraints have imposed a new national consensus: a clear majority facing a strong opposition, as it is the case in most democratic countries. This regime has reached a stage of maturity, where national, Islamic, and international values are interacting in a more pacific way. Taking into account this new political culture is a difficult but possible challenge for the Iranian political factions but also for the international community.

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Meir Javedanfar, *Iranian politics lecturer, Interdisciplinary Center, Herzliya, and Iranian-Israeli Middle East analyst*

Upon entering office in August, Iran's newly elected president, Hassan Rouhani, is going to face numerous challenges, some more urgent than others.

In my opinion, those challenges, listed below in descending order of importance, are to:

1. Control inflation: this is the most urgent challenge that will need Rouhani's immediate attention. Ahmadinejad's populist expenditure policies such as cheap loans, which have flooded Iran's economy with cash, have pushed up inflation to almost 30 percent.
2. Reform parts of the subsidies reform program: this will include investing parts of the government savings from this program in Iran's industrial sector, as originally planned. Parts of the program may also need to be postponed, as the cash handout given to Iranians as an alternative to subsidies have contributed to the high level of inflation.
3. Normalize Iran's file at the International Atomic Energy Agency (IAEA): recent economic sanctions have compounded Iran's economic problems and are unlikely to be removed until Iran answers IAEA questions regarding alleged weapons-related activities.
4. Improve relations with Saudi Arabia: Iran's support for Bashar al-Assad and Hezbollah has strained relations between Iran and Saudi Arabia. This is one reason why Saudi Arabia and the majority of its Persian Gulf allies have been proponents of sanctions and isolation against Iran.
5. Reinstate the Management and Planning Organization of Iran (MPO): this organization, whose main task included preparation of medium- and long-term economic development plans, economic policies, and budgets, was dissolved in 2007 by President Ahmadinejad. Its dissolution took away one of the most

important economic performance and planning supervisory bodies in the country. This allowed the implementation of recent damaging populist economic policies by Ahmadinejad.

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Bijan Khajehpour, *managing partner, Atieh International*

Hassan Rouhani's main domestic challenge will be to satisfy the Iranian people's desire for tangible change. His campaign, the support from the reformist and moderate sections of the Iranian political elite, and his consequent election have generated a popular excitement that may present the most serious challenge to him. Evidently, he will initially benefit from the popular momentum, and most political power centers will cooperate with him to respect the will of the people. However, to introduce reforms that can tangibly change the political, economic, and cultural realities on the ground will take longer than the average citizen will have the patience for. This is also why former president Mohammad Khatami has urged everyone not to communicate unrealistic expectations and to have patience for political progress.

The second critical challenge will be to reverse the patterns of corruption and mismanagement and put an end to the favoritism that the Ahmadinejad years have ingrained in the Iranian government. To address the unemployment issue, he is dependent on a business environment that will attract the private sector. However, the very same private sector players have lost their confidence in government institutions. The Rouhani administration will have to establish a more professional and transparent relationship with the private sector, improve the competitiveness of the economy, and put private capital to productive use in the economy.

Finally, Rouhani needs to find ways to ease tensions in Iran's external relations. He has to navigate through the complex power structure, especially considering the multiplicity of power centers influencing foreign policy, and come up with creative solutions to ease tensions and build confidence in the country's international relations, particularly in nuclear negotiations. His ultimate goal in foreign policy will be to secure sanctions relief and attract the needed capital and technology to the Iranian market.

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John Limbert, *Distinguished Professor, International Affairs, U.S. Naval Academy*

What is President Hassan Rouhani going to do with a post that has seen its previous occupants sidelined, ignored, humiliated, ridiculed, deposed, exiled, and assassinated? Of all Iran's presidents since 1980, only Hashemi Rafsanjani (1989-1997) made something

of the job, and his unique accomplishment helped earn him disqualification from the 2013 voting. Even Ali Khamenei, president from 1981 to 1989, reportedly chafed under his lack of power compared to Ayatollah Khomeini and Prime Minister Mir Hossein Mousavi.

The reality—which Rouhani should know well—is that power in the Islamic Republic lies outside the "republican" institutions of ministers, presidents, and parliaments. Since 1979, power has resided in a network of unelected senior clerics and their allies who control Iran's justice, security, economic, and propaganda organs, which George Orwell in *1984* (still the best work written on the Islamic Republic) ironically called the ministries of love, peace, plenty, and truth.

So what *can* Rouhani do? First, he can make an all-important shift in tone. He can abandon his predecessor's outrageous and divisive rhetoric about Israel, the Holocaust, homosexuals, and other matters. Such statements might have been crowd-pleasers, but they did not help the Islamic Republic earn the international respect it insists is its due. In Washington, for example, Ahmadinejad's statements made him so toxic that no official could pay attention to him. It did not matter whether he spoke sense or nonsense. No one listened.

Second, he can make some small but important changes in how the Islamic Republic deals with the outside world. He can end the sterile recital of old grievances, real or imagined, that has too often been the total of Iranian diplomacy. He can end the insistence on maximalist positions that no negotiating partner can accept. And he can explore ending Iran's 34-year refusal to talk directly to the United States about issues that matter to both sides. If Washington and Tehran cannot be friends, they should at least be able to manage their disagreements without resorting to a war that will do great harm to both sides.

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Valentine M. Moghadam, *former fellow, Wilson Center, and director, International Affairs Program, Northeastern University*

The Islamic Republic of Iran has installed a gender regime that has shifted over time in terms of policies and laws but has nonetheless remained remarkably entrenched in its masculinist nature. In previous research, I have identified shifts in the gender regime over three periods—the highly ideological Khomeini era in the 1980s, the period of reform under Rafsanjani and Khatami, and the neo-fundamentalist Ahmadinejad era. There does seem to be a kind of feminization of civil society and, of course, of higher education. But if we examine such measures as the female share of seats in parliament (2 percent) or of jobs in the salaried labor force (16 percent), the masculine nature of the gender regime becomes manifestly clear. The question then is whether the new president can change the gender regime in a manner consistent with the global women's rights agenda, the demands of Iranian women for equality, and the

imperatives of democratization and economic growth. The idea that Iran's polity is a democracy is undermined not only by political restrictions but also by the exclusion of women from meaningful political representation and decision-making. The Iranian economy probably also suffers from the marginal role of women in the labor force. Historical studies of the U.S. economy and more recent cross-national research show the positive effects of women's economic participation on economic growth. The new president has declared his intention to address women's rights. For this to occur, he needs to overturn discriminatory laws; introduce affirmative action to integrate Iran's highly-educated female population into decision-making positions across various domains; facilitate maternal employment of working-class women through paid maternity leaves covered by social insurance, along with childcare facilities; release women political prisoners including women's rights activists; and welcome back those in exile.

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Afshin Molavi, *former public policy scholar, Wilson Center, and senior research fellow, New America Foundation*

To understand the most important challenge facing Iran, president-elect Hassan Rouhani should turn to the map of world growth in the International Monetary Fund's (IMF) 2013 World Economic Outlook. In that color-coded map, varying shades of blue denote positive growth, and red indicates negative growth. The emerging world is a sea of blue: from Latin America to Asia to Africa—except Iran, standing alone, bleeding red. The economy will contract for the second year in a row, according to the IMF. Iranians experience the worst inflation in the Middle East and among the worst in the world. Unemployment is rising; under-employment is chronic.

Part of the reason for Iran's slow-brewing economic crisis are the populist, erratic policies of Mahmoud Ahmadinejad. But the main reason is simple: sanctions. Historic sanctions have crushed Iran's oil exports. In May, Iran exported less than 800,000 barrels per day, a two-thirds decline compared to pre-sanctions. Oil accounts for some 80 percent of hard currency earnings and more than half of fiscal revenues. Further, the web of sanctions have hit every major sector: banks, shipping, heavy industry, even agricultural products.

Iran's reserves position is certainly under stress. Hashemi Rafsanjani, the former president and power broker, openly admitted, "We are running out of money." Iran has the highest break-even oil price in the world: it needs oil to trade at $140 per barrel to meet its budget. This will not happen. Deficits will grow.

Rouhani must find a way to ease sanctions for Iran to achieve its enormous potential. The only way to do that is a nuclear deal. Thus, nuclear politics have become economic policy. An Iran free of sanctions would flourish. It could become an emerging

market star rather than a sub-merging market laggard. Absent a deal, it will continue to fall behind, bleeding red, in a sea of blue.

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Rouzbeh Parsi, *research fellow, European Union Institute for Security Studies*

Hassan Rouhani's list of problems in need of addressing is very long, and on most of them he will need substantial and sincere cooperation of a principlist-dominated parliament and the Supreme Leader. They range from the economy and the domestic political tensions to regional conflicts, the negotiations on the nuclear issue, and the non-relationship with the United States. They are often also entwined in ways that make the distinction of domestic/foreign more theoretical than real. He will hopefully have the cautious goodwill of some, if not all, Western countries and the enthusiasm and partly unrealistic expectations of his own domestic electorate.

In foreign policy he needs to take a more holistic and sophisticated view than his predecessor managed to. Two areas where this is both necessary and of similar strategic importance are in Europe and the Persian Gulf. In both cases, a more systematic approach that squarely positions Iran as a reliable interlocutor, with prospects of being a stakeholder if its interests are sufficiently taken into account, would be of benefit for all parties.

Europe and Iran have a lot of common interests and historic ties, but the present trajectory points to a semi-permanent estrangement. Here a persistent engagement and willingness to open channels on all levels can help create a more positive atmosphere with multiplier effects.

Similarly a more systematic approach to the Arab states of the Persian Gulf is needed to decelerate the violence spiral of the region. While both President Rafsanjani and Khatami managed to create and maintain a certain détente with Saudi Arabia, this is a tall order today with the developments in Iraq and Syria. It will require more than some conciliatory noises from both sides—much better would be a significant step toward a genuine strategic dialogue. The topics are inevitable, and the longer the parties wait the more people will die.

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Trita Parsi, *former public policy scholar, Wilson Center, and founder and president, National Iranian American Council*

Contrary to the clear efforts by the ruling elite to secure a conservative victory, the only moderate candidate in the race won a stunning victory. This necessitates a reassessment of the Washington narrative stating that Ayatollah Ali Khamenei and Iran's Revolutionary Guard Corps are all-powerful.

It also reminds us that the dismissal of the Green Movement as dead was premature and misguided. The focus should not have been on the surface indicators of the movement, per se, but on the underlying sentiments of a majority of the Iranian public that gave birth to it. The Green Movement was simply a manifestation of these sentiments— the discontent with the direction of the country, repression, mismanagement, etc. While the manifestation may change, die out, and re-emerge, the underlying sentiments have remained intact. Four years ago, they manifested themselves in the Green Movement. This year, they manifested themselves in a vote for Rouhani.

Though hardliners remain in control of key aspects of Iran's political system, the centrists and reformists have proven that even when the cards are stacked against them, they can still prevail due to their support among the population.

If Iran moves in a positive direction, the reaction of the West will be critical to determine how far that change can go. The Iranians missed a major opportunity in 2009 when they assumed that President Obama would be no different from previous U.S. leaders—and then acted according to that assumption. Tehran's non–responsiveness rendered Obama's job to change the relationship more difficult. Washington should be careful not to commit that mistake.

Just as the extent of Obama's outreach to Iran depended on Tehran's willingness to reciprocate, any effort by Rouhani to change the relationship with Washington will depend on America's willingness to tango along.

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Djavad Salehi-Isfahani, *professor of economics, Virginia Tech*

The first task for Mr. Rouhani is to stabilize Iran's volatile macro-economy. He needs to bring inflation down before he can address other important issues of investment and job creation. The immediate culprit for high inflation—41 percent last year—is the government budget deficit, which increased the money supply by 37 percent last year.

Rouhani's administration will have little control over inflation in the short run because, for the remainder of this Iranian year that ends on March 20, 2014, he will have to work with the existing budget, which is in deficit. He has promised to continue, in some form, two of Ahmadinejad's programs that are responsible for a large part of the deficit: the cash transfer program connected with energy subsidy reforms and the low-cost housing program.

To stabilize the macro-economy with limited control, the president-elect needs to influence economic expectations. He can lower inflationary expectations, which will help to stabilize two of the most important markets, for foreign exchange and credit. Appointing a unified and credible economic team and announcing realistic plans for the near future will go a long way in channeling money away from the markets for gold and foreign currencies and into bank deposits, where they are badly needed to get industry moving.

He can affect expectations also by signaling that he can put the stalled nuclear negotiations on a more positive course. This is necessary in order to stem capital flight, strengthen Iran's currency, and lower inflation, as well as help reignite private investment that can create jobs. To do this he obviously needs help from the West, which he might get if he can convince them that a weaker economy will not increase the chance of reaching a solution on the nuclear issue; it will lessen it.

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Barbara Slavin, *senior fellow, Atlantic Council's South Asia Center, and Washington correspondent, Al-Monitor.com*

Given the fates of the last three Iranian presidents, it is fair to ask why anyone would aspire to this job. Ali Akbar Hashemi Rafsanjani, president from 1989 to1997, was stripped of much of his power and saw two of his children jailed. Mohammad Khatami, in office from 1997 to 2005, was barred from leaving Iran and his reformist party was largely sidelined. His successor, Mahmoud Ahmadinejad, was summoned to court two days after the recent elections and faces an uncertain fate after falling afoul of Supreme Leader Ayatollah Ali Khamenei two years ago. Now it will be the turn of Hassan Rouhani. The beneficiary of a last-minute surge of popular support, the 64-year-old cleric appears to be the most qualified person for the presidency since Rafsanjani. But the challenges Rouhani will inherit are so daunting that it's hard to foresee success. While he appears particularly well-equipped to negotiate a nuclear compromise with the West given his background as a senior national security official and former nuclear negotiator, Rouhani will have to walk a tightrope between making the concessions demanded by the international community and upholding Iranian pride. Already, he is being attacked by neoconservatives in the United States and Israel as a "tool" of Khamenei, a "sham" moderate, and an accessory to terrorism. The Obama

administration has reacted positively, if cautiously, to Rouhani's decisive win. But given the cursed history of U.S.-Iran relations, it is quite possible that yet another opportunity for reconciliation will be lost. Yet Iran needs relief from economic sanctions desperately, and Rouhani has the requisite relationship with Khamenei to reach a deal if the United States will meet him halfway. The ball is in both our courts.

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Nayereh Tohidi, *former fellow, Wilson Center, and professor and former chair at the Department of Gender and Women Studies, California State University, Northridge*

To show that Iran's polity is indeed breaking away from ideological extremism and repression at home and hostility and belligerence on the international scene, the newly elected president needs to move beyond the style and mannerisms he has displayed thus far. He needs to bring about some substantial changes and reforms on the domestic, regional, and international levels. But after the surprise victory of Hassan Rouhani, a moderately conservative cleric, the ruling ultra-conservatives have been trying to confiscate his mandate. Therefore, if Rouhani genuinely wants to make some progressive changes, the big challenge for him is to maintain a delicate balance between the demands of the reformers and progressives (to whose votes he owes his victory) and the structural constraints of a non-democratic regime that has granted limited power to the presidency. This is in contrast to the absolute and lifelong rule of the supreme jurisprudence, the supreme leader, who, through a close alliance with the Revolutionary Guards Corps, can control the process and outcome of elections. Together, they have maintained a chokehold on Iran's political and economic institutions.

Domestically, some concrete improvements in the state of human rights, especially women's rights and civil liberties, including the rights of religious and ethnic minorities, are on the top of the demands commonly raised not only by the majority of people who voted for Rouhani, but also by the coalition of reformers. A widely expected token of goodwill, as reflected in people's slogans for many years now, is releasing all political prisoners and ending the house arrest of Mir Hossein Mousavi, Mehdi Karubi, and Zahra Rahnavard, the symbolic leaders of the Green Movement.

Economic improvement is a primary domestic concern, but any success by the new president in this area has become increasingly tied to his success in improving Iran's foreign policy and its regional and international relations. As the third presidential debate that focused on foreign policy clearly indicated, people's vote for Rouhani indicated a strong "No" to the government's approach to international relations and foreign policy, including the nuclear issue. Many attribute the poor economic condition and international sanctions to the hardliner approach, mismanagement, and reckless government spending in Iran.

One thing that the new president cannot afford to dismiss is the voice and demands of Iran's majority: the youth and women, many of whom want substantial change. In a post-election gesture, president-elect Rouhani invited Pegah Ahangarani, a popular 29-year-old actress to the first post-election gathering on June 21. Ahangarani was arrested twice for her work in support of the pro-democracy movement. When Ahangarani came close to the podium to present her speech, Rouhani (a 64-year-old cleric) stood up in respect. In such an unprecedented setting, Ahangarani, a secular young woman dressed in non-traditional and colorful attire, gave a daring and frank speech that included a simple demand: please appoint qualified, non-corrupt, competent, and accountable people to management and administration positions. If the new president can take Pegah Ahangarani seriously and can manage to, at the least, follow the simple yet profound demand made by her, he can reset Iran's political course in a hopeful direction. This would be a direction capable of gradual, non-violent changes toward a secular, democratic, and pluralistic society that would pursue peaceful international relations with all countries based on mutual respect and common interests.

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Roberto Toscano, *former public policy scholar, Wilson Center; president, Intercultura Foundation, Italy; and former Italian Ambassador to Iran and India*

Iranians have voted in a way that proved their decision to make the best out of a very bad situation by exercising their right to vote within the limited, one could say crippled, electoral choice produced by the vetting of candidates by the Guardian Council. The president in Iran is more like a prime minister, since the supreme leader is the true head both of the state and of the government. And yet history proves that the president is certainly not irrelevant. Otherwise, why should we have welcomed Khatami and deplored Ahmadinejad?

Limitation does not mean irrelevance.

The focus should now be on policy. The two issues that are of real concern for all Iranians are the economy and relations with the external world. They happen to be related, insofar as sanctions are an important component of the dismal economic situation of the country.

Iranians aspire for a better life and would like for their country not to be isolated. Even the conservatives, evidently, were not so happy with Ahmadinejad's provocations to the world, which would have found a high degree of continuity in Saeed Jalili, if not an increase in terms of stubborn ideological radicalism.

Rouhani campaigned on a platform of moderation. He is not a reformist, but, being a realist, knows that some degree of change is necessary in order to avoid the risk of internal collapse and devastating confrontations with the outside world.

His non-paranoid style turned out to be refreshing, and one might also expect some softening of the repression. Finally, the economy might be freed from the plague of a lethal combination of populism and incompetence, as well as a lessening of sanctions.

The rock of the regime is still massive and dry, but what is certain is that Iranians, with an act of wisdom and hope, have planted a seed in one of its cracks.

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Ali Vaez, *Senior Iran Analyst, International Crisis Group*

It is often said that "you campaign in poetry, but govern in prose." This is the bitter reality that Iran's new president, Hassan Rouhani, will likely face when he assumes office on August 3, 2013. Although he is well-positioned—due to his pedigree, pragmatism, and popularity—to grasp the nettle from day one, Rouhani will confront a tall order of thorny dilemmas. He will have to bring harmony to a system that has been rattled by disarray for eight years; effect change in a complex power structure that inherently favors continuity; take bold steps without antagonizing competing power centers; narrow divisions in a polity where fratricidal factionalism is endemic; accept that he has but one voice amongst many who can veto his; temper expectations while avoiding disillusionment; bring vital reprieve to an economy that has no option other than undergoing painful structural reform; alleviate the pressure of smothering sanctions, which are so intricately woven that they lack elasticity; ascertain that Iran's standoff with the West neither comes to a horrible end, nor becomes a horror without an end; build trust where distrust is marrow deep; compromise without being seen as too compromising; devise a stable regional strategy in a region bristling with instability; and, above all, deliver on his promise of "hope and prudence" in service of a nation that has hoped against all hope.

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Robin Wright, *Wilson Center-USIP Distinguished Scholar*

Hassan Rouhani's election has produced greater expectations for change in both domestic and foreign policy than any time since 1997, the beginning of the reform era. Many Iranians are looking for Rouhani, the former chief nuclear negotiator, to help produce a breakthrough in talks with the world's major powers that will in turn ease the growing toll of economic sanctions.

Rouhani faces a tough fall, especially as momentum builds toward a new round of talks in August and the United Nations General Assembly in September. Rouhani's election may have produced a flicker of hope in the international community. But the world's six

major powers—or P5+1—also know that the supreme leader has the supreme power over Iran's controversial nuclear program, so they will want to see something tangible—even if short of a deal—come out of the fifth round of negotiations. Patience is running thin, and skepticism is growing over Iran's interest in a diplomatic deal.

The new government will also face growing pressure at home over serious economic woes, from unemployment to inflation and the by-products of international sanctions. The president's main portfolio is the economy, since the supreme leader effectively controls foreign policy and defense issues. During the campaign, the one common position among the six presidential candidates was criticism of President Mahmoud Ahmadinejad's mismanagement of the economy.

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Hassan Rouhani's Biography

Hassan Rouhani was born on November 12, 1948 in Sorkhe near Semnan, in north central Iran.

1960: Started religious studies at Semnan Seminary

1961: Moved to Qom Seminary

1969-1972: Studied at Tehran University and received his bachelor's degree in judicial law

1980: Was elected to parliament (Majlis)

1980-1988: Served as the head of the Defense Committee in parliament

1989-2005: Served as the first secretary of the Supreme National Security Council (SNSC)

1989-1997: Was the national security advisor to President Hashemi Rafsanjani

1991: Was appointed as head of the Political, Defense, and Security Committee of the Expediency Council and has kept the position up to the present

1992-2000: Served as the Deputy Speaker of parliament as well as the head of the Foreign Policy Committee

1995: Received his M.Phil. from Glasgow Caledonian University in Scotland

1999: Received his Ph.D. in constitutional law from Glasgow Caledonian University in Scotland

2000-2005: Served as the national security advisor to President Khatami

2000: Was elected to the Assembly of Experts from Semnan Province

2001-2006: Served as the head of the Political and Social committee of the Assembly of Experts

October 2003-August 2005: Was Iran's chief nuclear negotiator

2006: Was elected as Tehran's representative to the Assembly of Experts and has served in that capacity up to present

March 2013: Was elected as a member of the Assembly's "Commission for investigating ways of protecting and guarding Velayat-e-Faqih"

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