Viewpoints No. 61

Rouhani and the Potential Failure of Nuclear Talks

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In the quick move to resolve the nuclear issue, Rouhani's calculation was that navigating Iran's highly contentious domestic environment will become easier with the resolution of Iran's external issues first. Without a nuclear agreement in hand, his platform of "moderation and prudence" will become more difficult to pursue and implement, but not impossible. September 2014

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As Iran and the United States enter the last two months of negotiations over Iran's nuclear program, the possibility that an agreement may not be reached is gradually being entertained in Tehran.

This was not always the case.

I was in Iran in the fall of 2013 when the Joint Plan of Action was signed and then again from May to August 2014. During this period, I found very few people willing to think out loud about the implications of a failure in talks. The seriousness of the nuclear talks and the support the nuclear team had received from all the key players and institutions in Iran had created for many people, particularly those who voted for Rouhani, a sense of inevitability regarding a positive outcome. When I asked about what will happen if nuclear talks fail, the almost uniform response of journalists, academics, taxi drivers, shopkeepers, and factory owners was expression of confidence that some sort of agreement will be reached. I could not get an answer to my question. "It will happen" was the usual response.

As I prodded further it became clear to me that the expressed optimism was also a cover for trepidation. Given President Rouhani's bold move to directly negotiate with the United States, no doubt many people who voted for him are worried that a failure will open the path for the rise of hardline politics, as it happened with the failure of nuclear of talks with the European Three – the United Kingdom, France, and Germany – in the last months of reformist Mohammad Khatami's presidency in 2005.

The comparison is flawed for the simple reason that the failure of talks in 2005 occurred at the end of Khatami's presidential term when an election could bring into executive power politicians and a part of the security establishment that had a different worldview. This will not be the case this time around.

To be sure, Rouhani will be weakened, in similar ways presidents in other countries with contested political terrains suffer when unable to deliver on key promised policies. But he will continue to be president for at least another three, if not seven, years. The hardliners will still not have their men at the helm of the executive branch and key cabinet ministries. Given their limited political base for electoral purposes, they will still have to find a way to organize and form coalitions to face a determined alliance of centrists, reformists, and moderate conservatives – the same alliance that helped bring Rouhani to power – in the parliamentary election slotted for early 2016. And, most importantly, Rouhani will still have the vast resources of the Iranian state at his disposal to make economic and social policy and will work with allies to make sure that the next parliament will be more approving of his policies.

Rouhani will continue to rely on the portrayal of his economic team as competent and able to improve economic conditions even without the removal of sanctions. Already, Mohammad Baqer Nobakht, vice president for planning and strategic supervision, has stated that the government's economic package of "Non-Inflationary Exit from Recession," unveiled in early August, presumes the continuation of sanctions. Clearly the argument that Iran's economic woes are not merely caused by sanctions and can be at least partially addressed by a more competent economy is intended to maintain the optimism that, even if talks fail, the new team can better manage the fallout. Memory of Ahmadinejad's economic folly will help.

But Rouhani is making promises that he may not be able to keep. The argument made to maintain support for the continuation of nuclear talks is that even if the talks fail – because the Americans are asking too much – Iran will be in a better place than it was before since active diplomacy has transformed the negative international atmosphere against Iran. Foreign minister Mohammad Javad Zarif and lead nuclear negotiator Abbas Araghchi have both told their Iranian audience that they conducted the talks in such a way that the blame of failure cannot be placed upon Iran.

Meanwhile, Rouhani told a large meeting of Iranian industrialists and businesspeople in July that the "the earthenware of sanctions have been broken and no mender is able to restore back this broken earthenware to its initial form." He also took a public oath that the conditions of Ahmadinejad's presidency will not return. Hence, as an alternative to ending the sanctions, the options for eroding them are being considered.

Rouhani has been actively involved in trying to improve particularly economic ties with China and Russia. Russia's troubles with the West over Ukraine are deemed an opportunity for creating some sort of anti-sanctions alliance. Zarif's tour of the UAE, Kuwait, Oman, and Qatar in December 2013, which was reciprocated by a landmark visit to Iran by the Emir of Kuwait Sheikh Sabah al-Ahmad Al-Sabah, a first since the 1979 revolution, was also an attempt to rely on a more conciliatory foreign policy to forestall future sanctions. Better relations have also been aggressively pursued in relation to Turkey. The two countries may be at odds over Syria, but in the visit of then Prime Minister Recep Tayyip Erdogan to Tehran in January and the June return visit by Rouhani – the first official state visit by an Iranian president since 1996 – the two sides declared their intent to improve trade and economic relations despite serious political differences.

Whether any of these moves can bear fruit in the effort to go around the sanctions is to be seen. Yet Rouhani's multiple and highly varied audiences, almost all of whom in one way or another are suffering from the combined force of sanctions and the previous administration's economic policies and mismanagement, see little choice but to share and even mentally invest in this optimism. But Iran's successful portrayal of itself as the reasonable party, a changed atmosphere, and the cracking of sanctions cannot be assumed.

In case of failure, Rouhani will also face pressure regarding the nuclear program itself. Although the hardliners have failed to break the consensus in support of nuclear talks, they will have a case to make that without a nuclear agreement that assures that the United States has abandoned what they consider to be its "strategic conflict" with Iran, it is better for Iran to confront the United States with an "active enrichment infrastructure" and not when it has given up its "strategic superiority in this area." In the words of Mehdi Mohammadi, a hardline journalist who accompanied the former nuclear negotiator Saeed Jalili to the negotiations with P5+1, "If Iran is going to stay under sanctions, it is better to be under sanctions with enrichment than without." Rouhani and his nuclear team have had sufficient domestic support to conduct serious negotiations within the frame of P5+1. But as the nuclear negotiations have made clear, the tortured history of U.S.-Iran relations as well as the history of progress in Iran's nuclear program itself will not allow the acceptance of just any deal. Failure of talks will kill neither Rouhani's presidency nor the "moderation and prudence" path he has promised. But it will make his path much more difficult to navigate.

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