Iran's Regime Is Moving From One Crisis to Another

The level of trust the Iranian public has towards the regime has never been so low.
Early in February 2018, the Euromoney Iran Conference was held in Paris with the aim of bringing together Iranian bankers and industrial leaders with their international counterparts to discuss and debate the key issues around the country’s economy. Participating in the event, Iranian Central Bank governor Valiollah Seif underlined the possibility of Iran’s full cooperation with the international community to implement standards set forth by the Financial Action Task Force. However, some parties are now calling for the countermeasures to be re-imposed given Iran’s financing some radical Islamist (terrorist, according to international norms) groups around the globe.

In the meantime, in the past weeks, Iranian markets have been suffering from a major and unexpected devaluation of the rial on the free currency market. Though there is a continued inflationary pressure on the rial, the Central Bank of Iran has tried to manage the value of the national currency. Beyond all economic reasons, there is no doubt that Iran’s free market rates are also motivated by increased domestic political tensions in Iran, as well as threats by US President Donald Trump to abandon the 2015 nuclear deal with Iran. Also, the arrest of 90 foreign exchange traders and the suspension of the activities of ten foreign exchange bureaus have not been of great help. At the end of the day, one of the
main reasons for Iran’s economic difficulties is the military engagements of the country in the Middle East.

To everybody’s knowledge, since the start of the Syrian Civil War, Iran and Israel have confronted each other via the Lebanese Shia Hezbollah militia or a network of rebels financed by the Israeli government in southern Syria. On February 10, Israel destroyed an Iranian UAV that reportedly violated its airspace over the Golan Heights, and immediately after conducted airstrikes against the drone’s control system at the T4 Airbase in Eastern Homs Province, which is a joint military area for the Russo-Iranian Coalition.

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The Israel Defence Forces characterised the escalation as “more than confrontation but less than war” and warned Iranians against “playing with fire”. The recent verbal and military escalation between Iran and Israel is mainly due to Iranian support for the Basher al-Assad regime. Iran has spent, up to now, $16 billion supporting the Assad regime and its partners. This is not counting the $6 billion that Iranian officials say Syria owes them for other forms of engagement.
This is, of course, a trifling matter for Iran in order to develop longer-lasting influence in Syria. As a matter of fact, the post-Saddam Hussein Iraq is already paying back to Iran the dividends of a similar strategy. Iranian trade with Iraq has jumped from $2.3 billion in 2008 to $6.2 billion in 2015. Count on its regional might, Iran’s Islamic Revolutionary Guard Corps are leading the efforts to open new markets for the Iranian businesses in Syria.

Iran’s national flags are seen on a square in Tehran February 10, 2012, a day before the anniversary of the Islamic Revolution. Credit: Reuters/Morteza Nikoubazl/File Photo

The classical question is whether Israel, Saudi Arabia and the Trump administration will make it against Iran’s expansive presence in Syria. No doubt, for Benjamin Netanyahu, Trump and their advisors, the time is now to act against Iran. This is what Lt Gen H.R. McMaster, Trump’s national security adviser, said at a security conference in Munich. According to him, “What’s particularly concerning is that the network of proxies is becoming more and more capable as Iran seeds more and more” of its “destructive weapons into these networks.” But it looks like the US president is very careful not to fall into the same trap as many of its predecessors. This doesn’t mean that Trump will go
soft on Iran because the goal for him and his advisors is to work with their allies in order to make Iran’s projection of power into the Arab world as difficult as possible. However, Iran’s future strategic and political success in the Middle East depends also partly on its domestic situation.

Less than two months after the December unrest in 80 different cities of Iran and the arrest of 5,000 people, Iranian authorities were, once again, confronted with a turning point for the future of Iran. The death last week of Iranian-Canadian professor and environmental activist Kavous Seyed Emami, which occurred in Iran’s notorious Evin prison days after he was incarcerated, may come to be seen as an element which can deepen the political crisis in Iran and increase the demand for regime change within and outside the country.

We need to add to this the recent clashes with a group of dervishes gathered outside the home of their guru, Noor Ali Tabandeh, in Tehran to shield him from arrest. As usual in Iran, plainclothes agents and members of the paramilitary Basij, affiliated with the Revolutionary Guards, used extreme violence against the Sufis, arresting more than 300 adepts of the Goanabadi Sufi sect. The media affiliated with the IRGC mentioned the “end of riots by the rowdy dervishes”. It is quite possible that some of those arrested will face long prison sentences or even the death penalty.

One way or another, the Iranian regime seems to have started the new year by moving from one crisis to another. The level of trust the Iranian public has towards the regime has never been so low. The times are changing – and not in favour of the Islamic regime in Iran. Nobody can weigh the gain and the loss in wagering the future of Iran.

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