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The changing face of Iran

While Rouhani's government faces domestic and foreign-policy challenges, extremists are gaining influence in Iran

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On its 40th anniversary, many people thought they saw the approaching collapse of the Islamic Revolution of Iran and the shadow of another revolt, given the population's current frustration with their economic plight. They were wrong: in Tehran, the government seems to be stable and in full control of state security. Nonetheless, it faces challenges at home and abroad.

When it comes to foreign policy, Syria is topping the list, where, with Russian help, Tehran was able to prevent the Assad regime collapsing. Critics of Iran cite conversions to Shia Islam, settlement by Iraqi Shias and bustling Iranian economic activity in the Levant as signs of the ayatollahs' colonising efforts. Closer examination, however, shows the situation is not that simple. The Syrians are cleverly using Moscow, which is trying to de-escalate towards Israel, to counterbalance Iranian influence. Moreover, Tehran has limited resources and personnel for the war in Syria, which for lack of political and strategic alternatives it must fight to the end.

Remarkably, Iran is using relatively few of its own citizens to fight the war – primarily secret service officials, professional soldiers of the Iranian Army and Revolutionary Guard, and volunteer reservists. Most of the troops provided by Iran are Shia militias composed of Iraqi, Pakistani and Afghan volunteers, though the degree to which the latter group is fighting voluntarily is disputed. The Iraqis, on the other hand, are no longer a cheap troop supplier for Tehran's strategic interests but have become a self-confident and independent actor, and a challenge to Iran. However, they still don't have the same political and strategic experience as the Lebanese Hezbollah, as became clear when leader of Iraqi militias, which are close to powerful circles in Iran, sent provocations in the direction of Israel.

Beyond that, within Iraq the consolidation process is beginning to take

hold: Baghdad has introduced legal measures to prohibit members of the Popular Mobilisation Forces, which includes all the country's Shia militias, from serving abroad. That closes off the most important pool of fighters for Iran in Syria, and represents the Iraqi military's further professionalisation and the militias' political and ideological containment. The Iraqi government is demonstrating its capacity to act and Western countries would do well to keep out of this area of Iraqi security sector reform. In any case, Iraq was never as dependent on Tehran as Western and Iranian analysts wanted to believe.

Diplomatic successes

The Iranians' biggest successes, however, are not on the battlefield, but in diplomacy. Tehran is playing an important role in the Syria peace process and has largely normalised relations with Turkey. It's likely to try increasing its influence in the fundamentalist insurgency stronghold of Idlib and the Kurdish- and Kurdish-Arab-controlled areas of northern Syria.

Iranian nervousness is especially noticeable with regard to the Kurds: A decade ago the People's Protection Units (YPG) was just a small subgroup of the Syrian Kurdistan Workers' Party (PKK). Now well-trained and equipped by the US, the YPG has proved itself in fighting the Islamic State. For that reason, Tehran, Ankara and probably Moscow too will seek to extend control of the Syrian government – the Assad regime – over northern Syria, allowing Damascus to constrain YPG forces and prevent veteran cadres moving to other regions, especially Iranian and Turkish Kurdistan.

While, apart from Syria, Iranian influence is noticeable in the region, it's nowhere near as significant as generally assumed. Tehran only has a few forces on the ground in Yemen and only modest – and, by all accounts, moderating – influence on the Zaidi Houthi movement. For Tehran, it's the changes at home that are causing much bigger difficulties.

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First and foremst, there's the cultural and political upheaval among Iranian Sunnis, who are mostly but not exclusively members of ethnic minorities. In recent decades, more and more radical Sunni currents from Afghanistan and Iraq have entered the country, and small but efficient radical groups have been mounting attacks in Baluchestan, Khuzestan and Kurdistan. Two years ago, even Parliament and Khomeini's grave in the Iranian capital were

attacked. While these terrorist attacks cannot force the Iranian state to its knees, in the long run they compromise the authorities in the eyes of the population, which in light of the chaos in neighbouring countries has generally accepted the Islamic Republic's strong security apparatus.

The government, however, faces great challenges in the areas of ecology, economy and democracy. While the regime did not create the country's environmental problems, especially the lack of water, Islamist elites are definitely to blame for their lack of policies to remedy the predicament. Instead of being pro-active, they regard environmental activists as a security risk, as recent trials of conservationists have demonstrated. An important segment of society that is addressing concerns of broad national significance is being ignored and criminalised, among them Iranian human rights groups.

Distorting the free market

Beginning with Mohammad Khatami's presidency (1996-2005), the Reform Movement has been raising the issue of the population's lack of participation in the political process. Since taking office in 2013, President Rouhani has sought to improve citizen-state relations through a Charter on Citizens' Rights. This addresses a range of problems, some of which existed before the Islamic Revolution, such as relations with language groups and minorities and the provinces' weak competencies compared to the strong central government. The Rouhani government is most concerned with creating legal security for all citizens.

Foreign investors, who could help the government modernise and rationalise Iran's economy, would also benefit from legal security and transparency. The financial means for those changes were supposed to come from integrating the country into the global economy – that is, by lifting the sanctions. This was thwarted by the US quitting the JCPOA nuclear agreement. Even if Europeans are half-heartedly trying to maintain economic relations through the payment channel known as INSTEX, Iran's vital energy sector remains sanctioned.

The major beneficiaries of this dismal situation are the radical groups that have always opposed Rouhani. Unhampered by the rule of law or transparency, their huge tax-free financial resources in 'pious endowments' distort the free market and finance the Iraqi and Afghan militias in Syria. If the Iranian government's would have constrained their economic potential, this could have helped calm the region. That won't happen now.

Harder and longer sanctions are strengthening the endowments' power and undermining state institutions, and the educated classes who bear the brunt of this development are leaving the country in droves. What remains is a population increasingly economically dependent on foundations controlled by extremists. This creates apathy – mostly among Iranian citizens close to the Reform movement – and makes it more likely that the next Iranian president will be a radical.



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