EXECUTIVE SUMMARY: Thirty-nine years have passed since Ayatollah Khomeini returned from exile and established the Islamic Republic of Iran. Under his leadership, Iran has undergone significant changes that have left a mark on the basic concepts and worldview of its leaders. That process can be divided into five periods distinguishable by the effects they had on the discourse of the Republic. The signal achievement of the theocratic regime that emerged from the revolution is its ability to maintain its power. However, Tehran’s quest for regional hegemony has created a wave of social protest that arose from the gap between the foreign ambitions of the Islamic leadership and the people’s desire for a better life.

On February 1, 1979, Ayatollah Ruhollah Mousavi Khomeini landed at Mehrabad Airport to the cheering of the crowds, and 10 days later he declared the establishment of the Islamic Republic of Iran under his leadership.

The change brought about by the Islamic Revolution led by Khomeini and its influence on modern-day Iran is indisputable. That change was nothing short of a restructuring of identity, values, norms, and patterns of thinking around the worldview of the leader of the revolution.

Since its establishment, the Islamic Republic has undergone several enormous changes. They can be divided into five distinct periods, each distinguishable by their essences and by the marks they left on the Republic’s discourse.

The first period can be dated from the Republic’s establishment to the end of its eight-year war with its Iraqi neighbor. This war, which caused great loss of life and property, led to the construction of the "self-reliance" concept, which was the product of a sense of isolation. On the other hand, the war built the top
echelon of the current military-security establishment. The bloody confrontation with Iraq left a mark on the worldview of senior officers in the military and the Revolutionary Guards and contributed a great deal to the establishment of a network of personal connections, as is now reflected in the chain of appointments at the highest levels of the security forces.

Another symbol of this stormy period was the suppression of opposition elements that didn't identify themselves with the policies and practices dictated by Khomeini. The first gap emerged not long after the establishment of the Islamic regime as a result of Khomeini’s decision to turn on the revolutionary partners who had helped him topple the shah. Opposition elements that opposed the post-revolutionary path led by the leader were subjected to mass arrest, expulsion, and even execution. The regime's iron fist impaired the opposition’s ability to influence either Iran’s internal affairs or its foreign policy.

Shortly after the end of the war, Iran overcame the significant challenge it faced with the death of the Supreme Leader in June 1989. In many respects, the appointment of Ali Khamenei, who lacked the religious credentials of his predecessor, was a testament to the survivability of the revolutionary regime. The drastic step of dismissing Ayatollah Hussein-Ali Montazeri, who was perceived as the most legitimate heir and had all the theological credentials, shed light on the post-revolutionary decision-making process. Despite challenges, the transition was crowned a success – not least because of the connection forged between the new leader and the Revolutionary Guards, who became his power base.

The second phase can be defined as Iran's "period of rehabilitation," as it was during these years that the country’s economy absorbed the consequences of the war with Iraq. The economic stagnation caused by the war left Iran's economic system in such a deep crisis that it returned to the GNP levels of almost twenty-five years earlier – that is, to mid-1960s levels. The period of rehabilitation coincided with the eight years of Akbar Hashemi Rafsanjani's rule as President of Iran (1989-97). In fact, Iran's rehabilitation is associated with Rafsanjani, who delineated its policies and was responsible for putting them into practice.

One of the outcomes of this period was the transfer of a vast proportion of reconstruction and economics projects to the Revolutionary Guards. This enabled the security organization to become a financial conglomerate and to act as the main concession holder in Iran.

Renowned Iranian-American academic Ray Takeyh considered Rafsanjani’s tenure in office and concluded that he showed initiative by offering paths and agendas that propounded the notion that practical demands must transcend
revolutionary mandates. He sought to construct a modern state while remaining loyal to the essential pillars of Khomeini’s ideology. Such a balancing act might have been possible if Rafsanjani had been able to maintain good relations with the new Supreme Leader. However, once Khamenei consolidated his power and developed ties with the conservative faction, he emerged as a serious obstacle to Rafsanjani.

The election of Muhammad Khatami to the presidency (1997-2005) opened the third period, which was a time of change in the political balance of power in Iran. The era of Khatami was dubbed “the liberal period” to reflect his openness on issues related to foreign policy and relations with the West. His election reflected the desire of the Iranian people to move away from an isolationist foreign policy and highlighted the discontent of the young generation with the overall pattern of Iranian politics. Khatami’s call for “dialogue among civilizations” reflected this perception and was considered a response to Samuel Huntington’s theory of a “Clash of Civilizations.”

However, like his predecessor, Khatami lacked the necessary power base to implement the policies he sought to promote. As a result, his status weakened. Conversely, the security establishment – which had become a dominant factor in the decision-making process – gained strength in full coordination with the Office of the Supreme Leader.

Despite the fact that Khatami was considered a reformist, a mass wave of student protests erupted during his tenure. The protests, which began over the closure of the newspaper Salam (which was affiliated with the reformist wing), ended in a brutal crackdown. This heightened popular resentment of the president, who had shown himself unable to stand up to the conservative establishment.

The election of Mahmoud Ahmadinejad to the presidency in 2005 marked the beginning of a new era. Ahmadinejad’s term of office, 2005-2013, was particularly turbulent due to his policies and statements on both domestic and foreign issues. On the domestic level, his attempts to replace subsidies with allowances accelerated inflation, and his inability to deliver on his promise to bring oil revenues to the “food table” of the Iranian people led to a decline in popular support. Moreover, his messianic approach, invoking as it did the reappearance of the Hidden Imam and representing the worldview of the Hojjatieh Society (Anjomun-e Hojjatieh), was seen as defiance by senior clerics, including some who had been his supporters at the start of his term.

Ahmadinejad’s outspoken statements on foreign policy issues only deepened the gap between Iran and the West and served as a catalyst for the sanctions imposed on it, which caused near-total paralysis of its economy. Among the salient moments of Ahmadinejad’s term of office were his calls to wipe Israel
off the map, his Holocaust denial, and his association with Venezuelan President Hugo Chavez, through whom he was able to promote Iranian influence in Latin America.

And yet, Ahmadinejad’s term of office will be remembered primarily for the large-scale social protests that took place in Iran following the publication of election results in June 2009. The suspicion of election rigging, and the ensuing suppression of the resulting waves of civil protest, caused a deep crisis in Iranian society and undermined the foundations of the Islamic Republic. It is no coincidence that the leaders of the Green Movement (Mir Hossein Mousavi and Mehdi Karoubi) are still under house arrest and have no recourse to change their situation, despite President Rouhani’s campaign statements.

The fifth period began with President Hassan Rouhani’s election in the summer of 2013. To a great extent, one can define Rouhani’s election as reflecting both the will of the people and the mechanisms of the theocratic regime. Notably, during Rouhani’s term, Iran continued expanding its influence in the Middle East, testing the stability of the Persian Gulf regimes, and challenging Israel’s security. However, Rouhani’s opponents, particularly the conservative-dogmatic wing and senior members of the security establishment, continuously criticize his policies, including his exposure of indiscretions among his cabinet members.

In this context, it is worth noting that Rouhani’s second term in office has been characterized by a change of direction towards the line dictated by the hardliners and the Revolutionary Guards. That shift has been at the expense of the economic welfare of Iranian citizens and contrary to his proclamations of greater political freedom and release of political prisoners.

For the time being, it appears that Iran’s efforts to expand its influence in the region are going well despite the collapse of state power foundations due to the "butterfly effect" of the “Arab Spring.” Tehran has learned to take advantage of the political vacuum created in states that experienced political disintegration, establishing its hold through proxies such as the Shiite militias operating on its behalf. The establishment of Hezbollah in Lebanon served as a source of inspiration for Iran and resulted, over time, in the forming of a network of fighting militias, with the aim of promoting a range of Iranian interests in various focal areas. It is therefore not surprising that a similar model was implemented after March 2003 in Iraq and later in Syria and Yemen.

A look back at the past thirty-nine years shows that the signal achievement of the theocratic regime has been its ability to maintain its hold on power in the face of waves of domestic unrest and the challenges posed by adversarial rule, which threatened the country’s sovereignty after the revolution. Another
achievement is the adherence to the path of the founder of the Islamic Republic, which has been the centerpiece of the philosophy of the ruling establishment for almost four decades. Despite the fact that other Muslim countries did not adopt Khomeini’s teachings, "Velayat-e Faqih," he succeeded in advancing Iran’s regional influence by means of proxy entities inspired by Iran – an important achievement for the post-revolutionary regime.

However, Tehran’s quest for regional hegemony has sparked a wave of social protest that arose from the gap between the Islamic leadership’s ambitions and ordinary people’s desire for a more affordable and improved standard of living. These expectations stemmed from promises made by President Rouhani that were reinforced after the July 2015 nuclear agreement (JCPOA) and the attendant release of Iranian assets worldwide. Although it is impossible to predict the future, the protests and the subsequent brutal crackdown created a rift between the Islamic regime and Iranian society that cannot be ignored.

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