



PERSPECTIVES

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Coronavirus Delivers Another Devastating Blow to the Iranian Regime

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EXECUTIVE SUMMARY: The coronavirus pandemic has hit Iran hard, and not only on the health front. The virus is the latest in a succession of blows to the Iranian regime's domestic status, fractured economy, and already low credibility level at home. The virus also appears to be slowing down the regime's malign activities across the Middle East.

The Iranian regime has, in recent months, taken one uppercut after another. The setbacks include a deteriorating economic crisis [fueled](#) by US sanctions—a crisis with no clear resolution; the US [drone strike](#) that killed Iranian Quds Force commander Qassem Soleimani; the [fiasco](#) of the downing of the Ukrainian aircraft that followed soon after; and growing [anti-regime demonstrations](#) driven by an Iranian public demanding a better quality of life.

An ongoing oil war, which has seen prices decrease sharply, [has also struck a damaging blow to Iran](#), which still relies in part on oil exports to generate income. And the coronavirus pandemic is unlikely to help quell Iran's domestic instability.

Even before the virus hit, leaving an estimated 2,000 Iranians dead and 25,000 infected according to official figures [at the time of this writing](#), the regime had hit its lowest point since the 1979 revolution.

Iran's consumer price index and the cost of basic commodities indicate [runaway inflation](#). Protesters demanding a better economic life had, until the pandemic struck, been out in the streets on a regular basis since November, and the fact that the protests reappeared within days of Soleimani's mass funeral procession indicates that public anger is deeply entrenched.

In its attempt to suppress the unrest, the regime's security forces have killed more than 300 of their own people, wounded 3,500, and imprisoned more than 700. Internet access is routinely cut off. These developments signal massive public disappointment in the Islamic Republic's leadership and a domestic challenge that is shaking the Iranian leadership to its core.

The fact that Iran had to [cut fuel subsidies last year](#), sparking the initial wave of protests, reflects an understanding by Supreme Leader Ayatollah Khamenei that the Trump administration's maximum pressure campaign of sanctions isn't going anywhere.

At first, Iran responded by stepping up both its malign regional activity and its nuclear program activities. Now, while the nuclear program continues [to make alarming progress](#), Iran's subversive and terrorist activities in the region are decreasing due to the domestic strain.

Earlier this month, an IDF spokesperson said the Israeli military was seeing [a reduction](#) in the level of activity by Iran and other adversaries against Israel. With more than 30% of Iranians [living below the poverty line](#) and struggling for basic goods even before the coronavirus lockdown, Iran may be unable to fund and organize large-scale regional entrenchment and terrorism as aggressively as it could before.

Large scale domestic unrest—the scenario that most frightens the leadership—is unlikely to happen immediately, as the population is practicing social distancing and staying at home. But the shock wave created by the coronavirus and the regime's mishandling of the crisis will be felt acutely after the pandemic passes, and will hold the potential to contribute to the regime's destabilization.

In recent days, the Iranian military has [cleared the streets](#) of citizens to enforce isolation.

Recent statements by Khamenei [in which he peddles baseless anti-American conspiracy theories](#) about the virus's origins indicate how disconnected the Iranian leadership is from the extreme predicament of its people. Khamenei has [rejected](#) an American offer of a medical assistance program.

Khamenei's worldview and radical Shiite Islamist ideology appear to be wearing thin among many Iranians, whose main goal these days is economic survival and achieving a reasonable standard of living. Responding to Khamenei's statements, US Secretary of State Mike Pompeo [noted](#) Monday that the regime allowed many flights from China to land in Iran during the

virus outbreak, ignored “repeated warnings from its own health officials, and denied its first death from the coronavirus for at least nine days.”

“It is important to note that since 2012, Iran has spent over \$16 billion on terror abroad, and used sanctions relief from the JCPOA to fill up its proxies’ coffers. Regime officials stole over a billion Euros intended for medical supplies, and continue to hoard desperately needed masks, gloves, and other medical equipment for sale on the black market,” Pompeo said.

Not long ago, Iran was sending [around \\$1 billion a year](#) to Hezbollah, Hamas, and other terror organizations while spending [tens of billions of dollars on its military and terror activities in Syria](#). Current Iranian overseas military and terror financing figures are not immediately available, but it is difficult to imagine how Tehran can keep up this level of funding for its foreign destabilization projects.

The Iranian regime recently took [the unprecedented step](#) of asking the IMF for a \$5 billion loan, revealing the extent of its economic crisis. Iran’s request for help from an international financial institution marks a complete break with past policy and reflects the urgency its decision-makers feel regarding the country’s economic problems.

Iran’s Revolutionary Guard Corps is [estimated to control](#) between 20% and 40% of the Iranian economy, a factor that likely further drives resentment among sections of the public.

As James M. Dorsey, a non-resident senior associate at the Begin-Sadat Center for Strategic Studies, [recently noted](#), “Iran has become the poster child of what happens when the public distrusts a government that has a track record of being untransparent from the outset of a crisis, limits freedom of expression that often creates early warning systems that could have enabled authorities to take timely, preemptive measures to avert or limit the damage, and is perceived as corrupt.”

In the long term, it remains unclear whether these dire conditions will force the regime to cut back on its long-term terrorist sponsorship and armament program for its network of radical proxies, but if it fails to do this, that failure might accelerate unrest at home.

In the meantime, [a mysterious airstrike](#) on Sunday targeted Iran’s Albukamal military base on the Syrian-Iraqi border, a site reportedly used by the Quds Force to traffic weapons and personnel from Iraq into Syria. Pro-Iranian militias have been [active in recent weeks in Iraq](#), launching a deadly rocket

attack on a US base, absorbing American air strikes, and still continuing attacks afterwards.

While these incidents reflect an Iranian determination to continue to use its proxies against the US and its allies in the region, they do not conceal the extreme position in which Tehran finds itself—a position that may yet worsen once the coronavirus crisis passes.

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