

**CARNEGIE ENDOWMENT FOR
INTERNATIONAL PEACE**

**READING KHAMENEI: THE WORLD VIEW OF IRAN'S
MOST POWERFUL LEADER**

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HALEH ESFANDIARI: Thank you to the Carnegie Endowment for International Peace. It's a pleasure to chair this special meeting on "Reading Khamenei: The World View of Iran's Most Powerful Leader" on the occasion of the publication of the study done by Karim Sadjadpour.

A few days ago I was asked who the most powerful person in Iran is and I replied Ayatollah Khamenei. I would have not given this answer 20 years ago, when he was chosen to succeed Ayatollah Khomeini as Iran's spiritual leader. In the last two decades we have witnessed Ayatollah Khamenei consolidate his power to become the ultimate decision-maker in all major matters of state. Of course, he has had setbacks like the election of Khatami to the presidency in 1997 or the student unrest in 1999, but he has emerged as the man who has the last word and who must be obeyed.

To cite some examples, when the Guardianship Council refused to approve the credentials of the reformist members of the sixth parliament elected in Tehran, Ayatollah Khamenei intervened and told the GC to do so. Recently, parliamentary speaker Haddad-Adel complained in an open letter to Ayatollah Khamenei that President Ahmadinejad was ignoring parliament's directive to the government regarding gas delivery to the needy provinces. Ayatollah Khamenei in a clear rebuke to the government ordered all parties to abide by the laws.

In a speech in Yazd in January '08, he said he will decide when the right time is to talk to the Americans and issued a warning to those he said inclined to adopt the policy of appeasement towards foreigners, i.e. the United States, on nuclear and other issues. It was another reminder that he remains the highest decision-maker in the land.

In the last few months, we have heard reports that he's distancing himself from President Ahmadinejad, yet so far the president and the whole camp of the conservatives and the so-called principalists continue to enjoy the leaders' full backing. Ayatollah Khamenei has not yet publicly cautioned the president to moderate his talk.

In my own case, I believe it was only his intervention that led to my release after 105 days in solitary confinement in Evin Prison. It's clearly important that we understand the thinking policies and leadership style of Iran's most powerful official, and we are fortunate to be able to discuss Karim Sadjadpour's study of Khamenei with Karim himself and with two leading experts on Iran, Mohsen Milani and Afshin Molavi.

You have been given their bios, so I'm just going to introduce them very briefly and we will move on. Karim will speak first, followed by Mohsen, followed by Afshin, and then we'll open the floor for questions and comments.

Karim Sadjadpour is an associate at the Carnegie Endowment and previously he served for four years as the chief Iran analyst at the International Crisis Group based in Washington D.C., and Tehran where he conducted dozens of interviews with senior officials and hundreds with Iranian intellectuals, clerics, dissidents, paramilitary, businessmen, students activists, and youth among others. I suppose the only person you didn't interview was Ayatollah Khamenei.

Mohsen is – Mohsen Milani is professor of politics and chair of the department of government and international affairs at the University of South Florida in Tampa, Florida. His book, “The Making of Iran’s Islamic Revolution” has been used as a required reading in many universities in the U.S., Europe, Japan, and Canada. And the Persian translation of his book is one of the recommended readings all students must complete before graduating from institutions of higher learning in Iran.

And finally Afshin Molavi is a fellow at the New American Foundation, where he writes on globalization, economic development, Persian Gulf economies, Iran, and the new silk road of trade between the Middle East and Asia. And he’s the author of the “Persian Pilgrimages: Journeys across Iran,” which was nominated for the Thomas Cook literary travel book of the year and was described by “Foreign Affairs” as “a brilliant tableau of today’s Iran.” He finished the book when he was a visiting scholar at the Woodrow Wilson Center.

Karim?

KARIM SADJADPOUR: Thank you, Haleh, so much. Thank you all very much for coming. There’s this expression in Persian that when you want to compliment someone, you put watermelons onto their arms. You puff them up. And for the sake of brevity, I won’t put watermelons onto my fellow panelists’ arms, but needless to say I have a great amount of respect for them and I’m very glad that they would join me today. And I told them that despite our friendship, they should feel free to violently disagree with any of my assertions and our friendships will remain intact regardless.

As I was collecting my thoughts a bit yesterday, I had a phone conversation with a friend of mine who lives in Iran and he told me this theory he has about life in Iran. He says life in Iran is either tragedy or is comedy, but there’s nothing in between. And it’s true in a sense that when you see the stifled human potential in Iran, it’s quite tragic. But the way that Iranians with this day in and day out, with this characteristic wit and humor, it can be very comic as well.

So I was thinking about what he said about life in Iran being either tragedy or comedy. And then I was reading some press reports about the prospect of Egypt and Iran normalizing relations. They haven’t had relations since the 1979 revolution. And I recall this incident that had – this anecdote when I was based in Tehran several years back. And I was driving behind – in a taxi in Iran and we were driving. And I always tell people that if you based your analysis of Iran only on what Tehran taxi drivers tell you,

you could predict a revolution next week because Tehran taxi drivers have a very difficult job. They're always in constant traffic and ingesting pollution and their jobs are not fun.

So I was having a conversation with this taxi driver and I looked up at the street we were on and there was Khalid Islambouli Street. And Khalid Islambouli, as some of you may know, is the guy who killed Anwar Sadat – is the assassin who killed Anwar Sadat and this was one of the reasons and it remains a reason why Egypt and Iran don't have official relations because Iran has insisted on naming this street after the guy who killed Anwar Sadat. So I was curious to get the taxi driver's reaction to this. And I said, "You know who Khalid Islambouli is?" He said, "No idea." I said, "He's the guy who killed Anwar Sadat." And he was outraged. He said, "This is – this is crazy. What type of leadership do we have that names streets after assassins? And Egypt is a great nation. We should have relations with Egypt. This is ridiculous." And unintentionally I got somebody worked up.

And after a few minutes I said, "Okay, take the next right," hopefully this will calm his nerves. And he looked up the next street, it was – I said take the next right Bucharest Street. Bucharest is the capital of Romania. And he looked up by the street sign and he said, "Who did this bastard Bucharest kill?" (Laughter.)

Now, I start with this, because Ayatollah Khamenei – reading Ayatollah Khamenei is certainly not comedy, but the stifled human potential I talked about in Iran, I attribute it partly to Khamenei's role and Khamenei's leadership in Iran. And before I begin, I will go into bit more detail about specific things which might interest you, but I thought I will explain for you a bit the genesis of this project and why I embarked on it.

And it was simply because, as Haleh was saying earlier, as we all know Khamenei is the most powerful individual within Iran, yet there's so little that has been written about him. I remarked in my report that if you do a Google search of Khamenei, there's about 900,000 that come up. And if you do a Google search of Ahmadinejad, about 10 million hits come up. But the reality is the inverse of that. I would argue that Khamenei is at least 10 times more powerful than Ahmadinejad in terms of his constitutional authority.

And when I was based in Tehran with the International Crisis Group, this was a study I actually wanted to embark on – to do a study of Ayatollah Khamenei, but it's one of the few red-line issues within Iran. You have to be extremely careful about poking your head around and asking about Khamenei or any criticism of it, you have to be very careful about. And after asking – conducting a few interviews on this in Tehran a few years ago, all of my subjects said, "If you want to stay out of prison, I wouldn't – I wouldn't probe this further," and so I didn't. And a friend of mine who's an American journalist, tried to do a study on Khamenei for a major U.S. magazine over the course of the last year, and her interpreter was imprisoned for three months. So you see how difficult it is to probe this issue – he's someone who is very inaccessible.

And so I thought, okay, it's out of the question, obviously, to go to Iran and do something like this, but I still felt the need to probe his thinking and his writing. And what I decided to do was to look at his own – look at Khamenei in his own words because one thing that people when I – when scholars look retrospectively at the 1979 revolution, they say that Khomeini's vision for Iran was actually laid out in his writings. It surprised everyone the direction in which the revolution took in 1979. Few people had predicted this austere Islamic route, but in retrospect it shouldn't have been a huge surprise because Khomeini had kind of laid out his vision for Iran in his writings.

And this is my thesis when it comes to Khamenei. This is someone who means what he says. He believes what he says. And he now has a collection of two, three decades worth of speeches. So essentially, this was the scope of my study. I tracked on every major and most minor speeches written by Khamenei over the course of the last two or three decades. It was about 1,500 pages of material in total. It took several months. And it was really the antithesis of "Chicken Soup for the Soul," reading Khamenei – (laughter) – very cynical, extremely sinister, very conspiratorial, but incredibly consistent. And his message was incredibly enduring. I didn't find any contradictions over the course of two, three decades. And he's oftentimes described as a weak and indecisive leader, but again I found his message in his speeches to be incredibly coherent and very resolute. His worldview was very resolute.

So what I would like to do is just focus on a few of his policies that I thought would interest you all; namely, his views toward the United States, toward Israel, and toward the nuclear issue; describe a little bit the prospects of any challenges of Khomeini into Khamenei; and talk a little bit about post-Khamenei Iran, and then mention a few policy implications for the United States. But the first point, before I begin on those, which I think is very important, is to kind of explore how and why Khamenei was appointed leader because, as Haleh was saying, 20 years ago no one would have said that Khamenei is the most powerful man in Iran.

Mohsen once told me that before Khomeini's death in 1988 – Khomeini died in 1989 – if you were to ask people in 1988 who are potential successors to Khomeini, Mohsen once told me that Khamenei wouldn't have been among the top 20 people he would have thought of. This is really quite remarkable. It's like rewinding to 1988 in the United States and telling people that Dan Quayle is going to be the most powerful U.S. official for the next 20 years. Few people would have predicted it. And when we look at how and why he rules, what I argue in this piece is that he was chosen because he was going to be loyal to the vision and ideals of Ayatollah Khomeini. And I would argue that Ayatollah Khomeini's vision and ideals crystallized in the 1960s and the 1970s. So we have someone now, Khamenei ruling the country in 2008 who's loyal to a vision and ideals that were formed in the 1960s and 1970s. So I think his worldview is very much out of date. And given the fact that he wasn't a Grand Ayatollah – he was a mid-ranking cleric who was appointed an ayatollah overnight – he didn't have the credentials to really be supreme leader.

So I tell people it's kind of like me being appointed head of the Carnegie Endowment tomorrow. There're several people between me and Jessica Mathews and I'm not qualified to be leader of the Carnegie Endowment. But if I were, what you do is you begin very subtly – you don't ruffle feathers, and – but gradually you appoint your own fellows into positions of power and you build up power from the grassroots. And this is exactly what he's managed to do. And I would make the assertion now he's not only the most powerful man in Iran, but I would make the assertion that at the moment he's the most influential man in the entire Middle East. And we can get into that in the question session.

But the few things I wanted to focus on right now were his views towards the United States, toward Israel, and the nuclear issue. And when it comes to his views towards the United States, to put it plainly, he has a very deep seated contempt for the U.S. It's been remarkably consistent and remarkably enduring. And what was quite remarkable was that whatever the topic of his speech was, whomever the audience was, whether he was talking about agricultural policy or education or foreign policy, somehow it would get back to the crimes of the United States.

And to put in a U.S. context, people complain sometimes that President Bush talks too much about al Qaeda, but think about it. If President Bush were to be giving a talk to a group of farmers and say, "al Qaeda doesn't want you to produce quality fruit," or speaking to a group of educators saying, "al Qaeda wants every child left behind." (Laughter.) Or speaking to environmentalists, "al Qaeda wants CO₂, carbon emissions in the environment." Everything that Khamenei talks about is linked back to the United States. And the question is why.

What he himself invokes is U.S. support for the shah before the revolution, U.S. support for Saddam Hussein during Iran-Iraq war, U.S. support for Israel. Another important point is U.S. refusal to acknowledge the Islamic Republic. He talks about U.S. internal meddling within Iran, U.S. desire for global hegemony. I think these are all valid points which he feels very strongly about.

Someone else who knows him also speculated that part of Khamenei's very deep seated contempt for the United States is due to the fact that he was imprisoned during the time of the shah. I think he spent a collective total of about four years in prison. He was in solitary confinement. He was tortured. And at that time, the conventional wisdom was that obviously the shah was being supported by the United States and there was a belief that the shah's secret police, the Savak, was trained by the CIA. So this was speculation that he had this very deep seated personal animosity towards the United States for this specific reason.

Now, when it comes to his thoughts about the United States, I think it's quite simply what he believes. He believes that U.S. policy toward Iran is not about behavior change. It's about regime change. He believes that the U.S. problems with Iran are not with Iran's external behavior. So if Iran were to change its relationship with Hezbollah, its relationship towards Israel, if Iran were to curtail its nuclear ambitions, or improve its

human rights record, these things are all pretexts which the United States uses, but deep down he believe the U.S. wants to go back to a patron-client relationship with Iran, which they had during the time of the shah. This is his argument and he's repeated this over and over.

Now, when it comes to Israel, you can somewhat understand his contempt for the United States; he says the U.S. supported the shah, supported Saddam during our war with Iraq. But when it comes to his contempt for Israel, I find it a bit more inexplicable. And I saw – I did a word count looking at his speeches over the course of two decades – the issue of Israel-Palestine came up more than any other issue. And I find this really remarkable given the fact that Israel – the Palestinian issue is not an issue which affects the day-to-day lives of Iranians. There's no land or border disputes with Israel. There's no Palestinian refugee problem. There's a long history of contentious relations with the Arab world. Iran is not Arab obviously. And there's a long history of tolerance towards the Jewish people. Iran still has the largest Jewish community in the Middle East outside of Israel. But this is an issue which he mentions, as I said, more than any other issue, more than even the United States – his contempt for Israel.

Now, why is that? Some would argue that this is a tactical ploy. It's a tactical policy because Iran aspires to be the vanguard of the Middle East and for Shiite, Persian Iran to be the vanguard of the Sunni Arab Middle East this is a card that they have to use. And I'm not arguing necessarily against that. There may be an element there. But I would not downgrade the deep ideological enmity which Khamenei himself personally has toward Israel. I think this is something which is not merely a tactic. He really feels it deep down inside. And many people have told me that one of the reasons why is that these guys, Khamenei and Rafsanjani and many others – they cut their teeth on the Palestinian issue as revolutionaries in the 1960s. Even years before the Iranian revolution became victorious in 1979, this was something they felt very strongly about, and they continue to feel very strongly about. And I don't think it's something – I would make the assertion that Iran's policy towards Israel is the biggest impediment in U.S.-Iran relations and I think it's going to be very difficult for Khamenei to overcome his enmity toward Israel.

Now, what is his policy toward Israel? This is kind of important to point out given Ahmadinejad's vitriolic rhetoric towards Israel. He advocates armed struggle against Israel. He supports groups which are militant groups – Hamas, the Islamic Jihad, et cetera – and he stated very plainly that negotiations don't win concessions.

That being said, he sees this armed struggle not as a prelude to the physical destruction of Israel. When Ahmadinejad talks about wiping Israel off the map, this is not what – but Khamenei's actually come out and nuanced this point. He says, we're not out for the physical destruction of Israel; we're calling for a referendum, basically a one-state solution. So he looks at Iran's policy towards Israel as an armed struggle, as a prelude to a referendum in Israel, essentially referendoming the existence of Israel. That's the question. And what he would say is that the demographic majority in that area, including the Palestinian refugees, as the majority of Palestinians, and if each

person went to get a vote, both Jews and Christians and Arab Palestinians, they would vote for one state. And Israel would be referendomed out of existence. So that's his view toward Israel.

Now, on the nuclear issue very briefly, there're four themes which come up in Khamenei's rhetoric and these four themes are embodied in the nuclear issue. One is the struggle for independence. Two is the injustice of foreign powers. Three is the necessity of self-sufficiency. And four is Islam's high esteem for science. And again, these four themes are encompassed in the nuclear issue. And I will state – he has never ever come out – and you can correct me if I'm wrong if you've seen otherwise, but I didn't see any indications of Khamenei talking about a nuclear weapons program. He's never made any assertion which has even been ambiguous about that. He's always been unambiguous – very unambiguous, unequivocal in saying that Iran is opposed to a nuclear weapons program, and Iran is after civilian nuclear energy program. But this was the one issue, Khamenei's thoughts on Israel, which I found either he's being perfectly deceitful, he's flat out lying, or he's profoundly misinformed. This was the one issue. All the other issues which he talks about, I think they reflect his vision of reality; not necessarily our vision of reality, but his vision of reality.

But when it comes to the nuclear issue for two reasons I thought either he's lying, he's being deceitful, or his advisors have profoundly misinformed him for two reasons. One, he talks about the economic efficacy of the nuclear program. And we can talk about this, but I make the assertion that the nuclear program makes zero sense. The way Iran is pursuing its nuclear program doesn't make any economic sense. There're arguments for a nuclear program – a nuclear energy program in Iran, but the way Iran is pursuing it, it makes zero economic sense.

And second, he makes the assertion that, quote, unquote, “no country has ever extended technological assistance to Iran on a nuclear program.” I think everyone in the world knows that Russia and China and North Korea and A.Q. Khan have – and IAEA has come out and said this as well – provided technological assistance. So again, he either is profoundly misinformed or he's being deceitful.

Now, very briefly I will talk about potential challenges to Khamenei and Iran's post-Khamenei future. I think there's no individual challengers when it comes to the position of supreme leader. I don't think there's anyone else who is in a position to challenge him. His chief rival, I would argue, was the former President Hashemi Rafsanjani, but I think Rafsanjani has really been weakened within Iran after he was humiliated by Ahmadinejad in the 2005 presidential election.

Now, I think his – the biggest, I think threat to this continued rule is his own health. He's about 68 years old. There's a lot of rumors that he has prostate cancer. I've heard this from several people, but prostate cancer is something you can live a while with and he looks in good health. There's a lot of other rumors about him having depression. This is something I've heard even from people who speak to his doctors, but obviously this is not a threat to his health.

So I think for the foreseeable future, he will be the supreme leader in Iran. And there's a lot of speculation now that given his age – he's 68, so there's no guarantees he'll be around for long time – but the constitutional authority in Iran to anoint and remove the supreme leader becomes to an organization called the Expediency Council. The Expediency Council is 86 clerics. There's a joke that their average age is deceased because they're all these – (laughter) – old men. And there's a lot of speculation that after Khamenei actually the position of supreme leader will be abolished. It will be replaced by a council, what they call a Shura counsel. And for the moment, the head of this Expediency Council recently elected is Hashemi Rafsanjani. So again, there's a lot of talk that after Khamenei, whoever comes, there won't be one individual or will be three to five individuals.

And I make the argument that Khamenei's kind of – the fact that Khamenei doesn't have this great charisma and appeal that Khomeini had is actually – it's Khamenei's weakness, but the Islamic Republic's strength because when – in the '80s a lot of people were predicting that once Khomeini dies, the revolution – the Islamic Republic is going to crumble. Arguments that were made with regards to Castro's Cuba as well – that once Castro dies, things are going to crumble. But no one makes this argument anymore. I've never heard this argument being made that once Khamenei dies, the Islamic Republic is over. So no way his kind of lack of charisma and strength as an individual leader is a strength of the Islamic Republic.

Now, I'll end on a few conclusions and policy implications. What I would say is that the chances of Khamenei reinventing himself at age 68 are not very high. If someone asked me to put \$10,000 on whether or not there will be U.S.-Iran relations, whether or not U.S.-Iran relations will be restored as long as Khamenei is supreme leader, I would say the likelihood is slim. It's not high. He's been marinating in this stew of “death to America, death to Israel” the last few decades, then I think again, it's going to be very difficult for him to reinvent himself.

I would argue that his opposition to the United States is not only ideological, but he would make a lot of the arguments that a lot of us here make, or he has made these arguments that if Iran were to open up to the world and to have a U.S. embassy and, again, to have relations, open up to foreign investment, et cetera, it would really dilute the Islamic Republic's hold on power. He agrees with those who argue that an engagement strategy or Iran opening up to the world would dilute the Islamic Republic's hold on power. And, again, I think his position toward Israel is going to be difficult for him to come back on.

Now, that being said, I don't think the United States can afford to wait for a more accessible or progressive Iranian leader. We have these two urgent issues, the nuclear issue and the issue of Iraq, and I think these are issues which we cannot wait on. So I think it's worthwhile for the U.S. to try to test up close the rigidity of Khamenei's views because I don't think a U.S. effort has really been made to see whether trying to engage Khamenei and Iran is an exercise in futility.

And these I think are three important points to take account of and when the U.S. wants to reach out to Iran or engage Iran. First, I think the U.S. has to make it very clear to Khamenei that U.S. policy is behavior change, not regime change. This has to be made very clear, both with actions and with words.

Second, I think we have to make it clear – the U.S. has to make it clear that pressure alone is not going to change – or the U.S. has to make it clear to – the U.S. has to understand that pressure alone is not going to change Iranian behavior, because what Khamenei believes is that if you give in to pressure, you succumb to pressure, or you compromise as a result of pressure, whether it's military threats or sanctions, this is not going to get you out of trouble. This is going to validate the hard-line approach in Washington and invite even more pressure. So I think there has to be a combination of both pressure and incentives.

Lastly, what I would argue is we have to deal directly with Khamenei. Forget about Ahmadinejad for awhile. Let the "O'Reilly Factor" talk about Ahmadinejad's latest statement, but I think policymakers would be wise to focus on Khamenei and deal with him directly, and there are ways of dealing with him directly. But whether it's Khatami or Ahmadinejad or Rafsanjani, whomever, I think we need to focus on Khamenei and where the power lies and engage with him directly.

Last point is that timing is very key, the timing of all of this is very key, and there was a question posed to Senator Obama in one of the debates whether he would engage with the leaders of – or if he would talk directly with the leaders of Iran, North Korea and Venezuela directly in his first year in office. And he said he would. In theory, I agree with this notion that we should talk to our enemies, but when there is a different president in Washington, in January of 2009, whether it's a Democrat or Republican, would I advise them to invite Ahmadinejad to Washington in January of 2009 or would I advise them to go to Tehran in January of 2009? I wouldn't.

And the reason is that Ahmadinejad is up for reelection in June of 2009, and I really believe that the only two things that could potentially rehabilitate his presidency are either U.S. bombs in Iran or a major U.S. overture to Iran, and we shouldn't give him either. Khamenei is the most powerful guy in Iran, but basically he's testing out these different strategies. He lets Ahmadinejad do his thing, he let Khatami do his thing to an extent and what he believes is that Khatami's dialogue of civilizations only got Iran into the axis of evil, and Ahmadinejad's hard-line approach has born fruit that Khatami's approach hasn't. So I think we need to make it clear to Khamenei himself that this non-compromising, belligerent approach won't reap rewards.

The last point is that there was a speech, and Haleh alluded to this in her introduction, because I know my presentation wasn't very uplifting, but I am potentially hopeful in the coming year, and as Haleh said that Khamenei gave this speech which in the three decades of his speeches I was reading, this was the most far reaching speech he ever made regarding relations with the United States. And he said, the day the relations

with America prove beneficial for the Iranian nation, I will be the first one to approve of it. And as Haleh mentioned, this was January 3rd, 2008, and I took this as an overture to the next U.S. administration. And incidentally, whether or not it was a coincidence, this was the day that Barack Obama won the Iowa Caucuses.

So I do believe that looking forward, there is a chance, but I think for U.S.-Iran relations under Khamenei, but June, July, 2009, is when we can start to think about that. Thank you.

MS. ESFANDIARI: Thank you very much, Karim.

We now move to Mohsen. Please.

MOHSEN MILANI: Good afternoon. Is that on? Can you hear me?

MS. ESFANDIARI: Yes, it's on.

MR. MILANI: First of all, I want to express my appreciation to the Carnegie Endowment for International Peace for inviting me. Thank you, Dr. Esfandiari, for your introduction. I must say that despite the fact that you endured for six or seven months in Iranian jail, you continue to be a voice of moderation and dialogue, and as an Iranian I am proud to be on the same panel with you.

MS. ESFANDIARI: Thank you, Mohsen.

MR. MILANI: I also want to thank –

AUDIENCE: The mike.

MR. MILANI: Mike.

MS. ESFANDIARI: Mike.

MR. MILANI: I asked. You said, no. And I asked only once. Now is better. I also want to thank my good friend Karim Sadjadpour for inviting me. He said that we should violently critique his book. There is not an iota of violent DNA in my body. I cannot be violent even if I want to. Having said that, I have to tell you that his book, “Reading Khamenei,” or his booklet in my judgment is the fairest, most objective, most seasoned treatment of Ayatollah Khomeini that I have read on Khamenei, either in Persian or in English language, so he has done a fantastic job.

What I want to talk about in about 10 or 15 minutes that has been given to me is talk about the pattern of relationship between Ayatollah Khamenei and the last three presidents since Khamenei was selected as a replacement for Ayatollah Khomeini. As you know, the Vali-e Faqih and the president are the two most powerful figures in the Islamic Republic. So what I want to do is give you a little bit of background about this

relationship and then focus in the last part of my presentation on the kind of relationship that exists between Khamenei and President Ahmadinejad.

I think if you look at the relationship between the two offices, the Vali-e Faqih and the presidency in the past 28 or 29 years, you see a few important trends. Since I've been given on 15 minutes, obviously, I can't talk about all of them, but I'll identify two or three that I want to go over quickly, by bullet points. Number one is that you see that there has been a continuous struggle between these two institutions for expansion of power. I think you see more or less the same thing here in this country in terms of executive versus legislative power, president power versus congressional power. Now, in Iran, the constitution of the Islamic Republic, the original constitution was designed to do four things, and even after the revision of the Islamic constitution in 1979, I submit to you those four features have not changed.

Number one, the founding fathers of the Islamic Republic were determined not to create a powerful presidency. They said so in their deliberations and they said it many times. They believe that a powerful president can challenge the Islamic nature of the new Islamic order, and therefore they tried to have a limited power for the presidency, and in those days limited power for the office of the prime minister.

Secondly, the Islamic Republic – the constitution of the Islamic Republic has its own very sophisticated systems of checks and balances that are mostly designed to curtail the power of the legislative and executive branch and not so much to limit and refine the power of the Vali-e Faqih.

Thirdly, which is in support of the first two points that I made, the Islamic constitution makes it very clear that it is not the president, but the Vali-e Faqih, who is the commander of the Iranian armed forces, who is in charge of internal security, and who is also in charge of Iran's intelligence agencies. And finally, lastly, the Islamic constitution, both the original one as well as the 1971 revised version, make sure that the institution of Vali-e Faqih is dominant over the presidency, in fact is the most powerful institution in the Islamic Republic.

Now, we've had one or two cases in which this constitutional configuration was challenged. The first person to challenge it was Bani-Sadr who tried to create what I call an imperial presidency. Well, you all know what he's doing now. He's writing a very informative blog from his home in Paris. He was kicked out of the country right away and he had been living in exile for the past 27 years. It didn't work. It's very unlikely that it can ever work under the present constitution.

Now, the 1989 constitutional revisions empowered the office of the president, but it also gave extra power to the institution of Vali-e Faqih, and it was around the same time that the Islamic Constitution was modified, revised that Khamenei was selected as a compromise candidate to replace Ayatollah Khomeini. And I think Karim discusses this in his book, but I also need to emphasize that the reason why Khamenei was selected – he was not the first choice. He was not even the second choice. He was the ultimate choice

because he was perceived by the most powerful figures in the Islamic Republic to be the least dangerous person within the clerical establishment.

The second pattern that I see in the past few years is that the relationship between Khamenei and the past three presidents – Rafsanjani, Khatami and Ahmadinejad – has changed depending on the personality of the presidents and the kind of issues they have raised. Quickly, under Rafsanjani, I think there was a balance of power between these two institutions. Both men were insecure, Rafsanjani had become president. He wasn't sure of his position. Khamenei was a low ranking cleric, he could not challenge – (unintelligible) – ayatollahs. He was also insecure. Both of them wanted to consolidate their power. Therefore, they struck a deal – a sort of secret deal: you mind your business, I mind mine, let's together consolidate our power, and they did this. So throughout these eight years of Rafsanjani's presidency, I would argue that there was a healthy balance between these two institutions. And I also have to say that in my judgment, Rafsanjani's presidency has been the most effective in the history of the Islamic Republic precisely because there was a balance between those two institutions.

Now, under Khatami, the situation changed radically because Khatami's agenda was very different than the agenda that the Ayatollah Khamenei wanted to pursue. I believe during Khatami's presidency there was institutional tension, and most importantly I think the turning point in the evolution of the relationship between the presidency and the Vali-e Faqih; in fact, the turning point in the consolidation of power by Ayatollah Khamenei, took place at the end of 1999 when there was a student uprising in the vicinity of Tehran University. I think that was a defining moment in the history of the Islamic Republic for one simple reason. I think starting that moment, the security forces of the Islamic Republic, including – (unintelligible) – had concluded that they can no longer stay away from the political spheres and that they should get involved in Iranian politics.

And that was the beginning of what I call securitization of Iranian politics, growing influence – which means the growing influence of the security, intelligence and armed forces in Iranian politics. The fact that there were over 180,000 American troops in Afghanistan and in Iraq, and the fact that there was talk of regime change in Iran strengthened this environment, this security environment and therefore, in my judgment tilted the balance of power toward the institution of Vali-e Faqih, and Ayatollah Khamenei has taken incredible advantage of this tilt of power starting in 2000 and that trend has continued.

Under Khatami therefore, I think the Iranian presidency was weak and I think he was an ineffective president although his ideas are much closer to my own and I think it was the most enlightened of the Iranian presidents.

Now, under Ahmadinejad, who as all of you know is the epitome of subtlety and class – (laughter) – the relationship between the Vali-e Faqih and the president has been remarkably harmonious. I think it is the most harmonious of the past three presidents. Both men seem to more or less follow the same nuclear policies, they seem to have the

same policy regarding Afghanistan and Iraq, and it is very clear that although Ayatollah Khamenei is the decider in Iran today, I have no question that Ahmadinejad is the second most powerful man in Iran, both in terms of foreign policy, but in terms of economic policy he probably is the number one most powerful man.

Although, in terms of foreign policy he does not formulate policy and basically follows the general orientation that Ayatollah Khamenei says, he is what I call disrupter-in-chief or spoiler-in-chief. He's not powerful enough to formulate policy, but I submit to you he is powerful enough to disrupt policies that he does not like. And that is not something that Ayatollah Khamenei likes. He hasn't talked about it, but I think it is very clear in his body language, and recently I have been an expert in body language, just how Fox News has become.

The next area of tension between Ayatollah Khamenei and Mr. Ahmadinejad is this new revival of messianic tendencies and superstitious beliefs in Iran. I don't share the view that this revivalist movement has become very dangerous in Iran yet. I don't believe that the idea of the return of the Hidden Imam or the concept of the Mahdi or the concept of the martyrdom or any of these concepts have had any discernable impact on Iranian policy yet, even if we are told by many people in Washington that Ahmadinejad is trying to expedite the return of the Hidden Imam because he believes by creating chaos or by creating war he can actually expedite the coming of the Hidden Imam. I have seen absolutely no evidence that this revival has had any impact on Iranian policy yet, but the revival is real.

The revival is real, and I believe it has created a tension between Ahmadinejad and Khamenei. Again, I have seen no evidence that Ahmadinejad's views are identical to those of Ayatollah Khamenei. Some of the stuff that Ahmadinejad has been talking about has been strongly condemned by Iranian clerics. For example, recently, Hassan Rowhani, who was the chief of nuclear negotiator of Iran, gave a lecture. I think the lecture was delivered about a week and a half ago, and if you go to the website of the Expediency Council, you can read it. I think it is the most fascinating speech I have read about this messianic revival in Iran.

He admits that there is this revival, but he's also very quick to say that it is confined to a very small segment of the population and that it has no attraction within the clerical establishment. The kinds of examples he gives of superstitious beliefs that Ahmadinejad or some people associated with Ahmadinejad believe in are truly frightening. However, having said all of this, I don't believe that this revival has had any impact on policy, but I believe it has created some tension between Ayatollah Khamenei and Ahmadinejad, who represents a very dogmatic version of martyrdom, very dogmatic version of the return of the Hidden Imam.

Finally, the last point is that Ahmadinejad has fractured – has polarized the Iranian elite. And that is in the long run not in the advantage of Ayatollah Khamenei. Yes, he has marginalized the reformists, but the reformists are not united now. As you know, for the upcoming parliamentary elections they are divided into two segments. But

more important than that, Ahmadinejad's ideas, his confrontational policies towards the West has divided Iran's right conservative base. Again, you can see this in this upcoming election for the traditional conservative forces were unable to come up with a list with the (new ?) conservative of those who support Ahmadinejad. That I think ultimately can undermine Khamenei's power, and I think Khamenei is very concerned about this, but there is not much he can do.

The last point I want to make before I end my talk is that Ahmadinejad's policies have also created a tension that I've never seen in the history of the Islamic Republic between the office of the presidency and the high clerics or the ayatollahs, leading ayatollahs of Iran and even outside of Iran, including Ayatollah Sistani. As you know, Ahmadinejad tried to pay a visit to the leading ayatollahs in Qom. He couldn't do it. There have been numerous examples of disagreement between him and the leading ayatollahs, and that, too, I think has created a major headache for Ayatollah Khamenei and has polarized the elites in the Islamic Republic.

My conclusion then is very simple. As Karim has correctly said, Ayatollah Khamenei is without a doubt constitutionally and in terms of actual power, in terms of control he has over the major organs of command from the Revolutionary Guards to regular Army, to the intelligence agency, to the bonyads; and most importantly, the control he exercises in an informal network that he has created whose representatives control even major organs of the state. There is no question in my mind that Ayatollah Khamenei today has become the most powerful, undisputed leader of Iran, and when it comes to the most sensitive issues in foreign policy, in security policy, it is Ayatollah Khamenei who ultimately makes the decision, but he makes those decisions based on consensus. Despite the fact that he's the most powerful figure, he does not run a one-man show. He has to build consensus in that system and Mr. Ahmadinejad in my judgment now is the second most powerful man, quite capable of creating chaos inside the ruling elite and inside the Islamic Republic.

Thank you.

MS. ESFANDIARI: Thank you very much – (off mike).

AFSHIN MOLAVI: Thank you very much. Before I begin, let me just also say and echo Mohsen that it's really such an honor to be here with Haleh Esfandiari. Haleh has done so much to promote Iranian scholarship, to inform Americans about the nuances of Iran and the Middle East and it's so good to be on a panel with her again and away from that, the time when she was in prison.

I would echo Mohsen. I thought, Karim, you did an excellent report on Ayatollah Khamenei. It was a very challenging subject. It's a very elusive subject as well and I thought you handled it with your characteristic knowledge and skill. I'd like to focus on a couple of aspects of it, but I'd also – it just occurred to me that you – maybe that explains, because I remember being with you as you were reading these speeches. Maybe that explains some of your mood swings – (laughter) – in that period of reading

30 years of Ayatollah Khamenei speeches, which is an achievement in and of itself. But really a first-rate report.

I'd like to focus on this notion of Khamenei as above the fray, and yet still a very powerful political player in Iran. I'd also like to look at Khamenei's economic vision as outlined here, and kind of correspond that with some of the realities in Iran and kind of do a reality check on his vision, to only economically but also socially. But this notion of Khamenei as above the fray, he likes to cultivate it himself. I don't know if any of you caught the "New Yorker" articles several months ago in which the profile of Jalal Talabani and they had a scene in which Talabani was visiting with Khamenei and Ahmadinejad, and Talabani essentially made a pitch to the Iranians that they need financial assistance, they need support for infrastructure development, they need a whole range of support, and Ayatollah Khamenei turned to Talabani and said, yes, yes, we will pray for you. And at this point, Talabani said, yes, your eminence, thank you for your prayers, but we need more than prayers and Khamenei pointed at Ahmadinejad and Khamenei first he pointed at himself, he said, I will provide the prayers and he will provide the funding.

And so in one stroke, Khamenei was above the fray, and yet making policy at the same time by directing Ahmadinejad to provide the funding. And so this is I thought one of the – kind of encapsulates what you had written about, Karim, this.

And you also raised a really central I think policy paradox that American policymakers will face in that because of Khamenei's worldview, it is going to be very difficult, and maybe Khamenei does not want a grand bargain. Maybe he doesn't want to engage the United States in a serious way, and yet the United States can't do it without Khamenei, and that's a very important policy paradox that you raised.

And I'd like to also note that there is a lot of discussion about Khamenei becoming frustrated with Ahmadinejad, particularly on his economic policies, but also on some of the open and quite outlandish statements he's making on the nuclear issue, but I agree with Mohsen that this seems like a very harmonious relationship partly – and going back to Mohsen's body language, when you watch Khamenei and Ahmadinejad together, it's clear that Ahmadinejad is very deferential to Khamenei and this is something that I'm sure Khamenei appreciates given the fact that the previous president was not so deferential to him.

So I'd like to go to –on page 11, Karim, where you mentioned a recurring theme in Khamenei's speeches is that scientific advancement and self-sufficiency and political independence and he also talked about how he wants Iran to be self-sufficient enough to be economically independent and economically independent enough to be politically independent. Well, the reality is that Iran is as strategically isolated as it has been in a long time. Iran does not have any significant strategic allies that will come to its aid in the event of a shooting war. Iran is not a member of major strategic alliance. Turkey for example is a member of NATO. Iran is given observer status at organizations like the Shanghai Cooperation Organization. Ahmadinejad crashes the Gulf Cooperation Council

parties every now and then, but Iran does not have any real strategic alliances. It has alliances with Syria, with Lebanese Hezbollah, which grants Iran this kind of asymmetric power. But if you look at the writings of Anthony Cordesman, if you look at even writings of Iran scholars like Kaveh Ehsani, you'll see that Iran is a third or fourth-rate military power. It can barely really challenge its neighbors in conventional military warfare, let alone challenge the United States.

And Khamenei talks about being economically independent, but one man's independence is another man's isolation. And since we are at the Carnegie Endowment, let me plug the Foreign Policy-AT Kearney Globalization Index in which they look at the relative globalization of countries around the world and they look at trade, they look at FDI, they look at remittances, internet hosts, travel. And for 2007, Iran ranked number 72 which was dead last on the Foreign Policy Globalization Index, and in fact, correct me if I'm wrong, but over the last seven years, Iran has been dead last in the AT Kearney-Foreign Policy Globalization index. Even as they've added countries, Iran has – now, you can quibble with the numbers. I think one of the things that the Globalization Index does not take into account is the Iranian Diaspora that brings Iran into the global marketplace far more than some of the things. They don't have a Diaspora notion here, and I think that's an important one.

But it does show that in a sense Ayatollah Khamenei's vision has come true in the sense that Iran is – Iran is not self-sufficient, but it is economically isolated, which he may argue that Iran is independent. It doesn't have to rely on the whims of globalization.

But he also often refers to social justice, and you pointed this out, Karim, in the paper. And if you look at just Iran's own social welfare minister reported just a few months ago that 13 percent of Iranians are living below the poverty line. Under Ahmadinejad who came in on a campaign of populist economic promises reaching out to the poor, the situation has become more difficult for them. Iranians today face 20 percent inflation, a widespread unemployment, underemployment. It really is an environment of stagflation that Iranians are facing today.

And again, if you do kind of a comparative index look, just take a look at the United Nations Human Development Index, for example, where Iran comes in at – ranked at number 94 which is just ahead of Georgia, Guyana, Azerbaijan and Sri Lanka, and all of Iran's Persian Gulf Arab neighbors crack the top 60 of the United Nations Human Development Index. And when you look at – let's not forget that all of this is happening at a time of a historic oil boom, and this is a country with the world's second largest gas reserves and the world's third largest oil reserves. This is a time when we are probably witnessing the largest transfer of wealth to one area of the world in human history with the transfer of money that it's coming to the Persian Gulf region.

The GCC zone, the Gulf Cooperation Council countries are right now by GDP the 16th largest economy in the world and growing. And under Ahmadinejad's two and a half years in office, when you tally up the oil receipts according to Middle East economy survey and even senior members of the Iranian parliament, the total oil receipts is

equivalent to eight years of oil receipts under Rafsanjani and six and a half years of oil receipts under Khatami. So an enormous amount of money has come into the country and in many ways, this is the ideal situation for a kind of a socialist, state-controlled, distributive, patronage-driven social justice model. Ahmadinejad's expansionary spending – and I couldn't agree with Mohsen more, he is probably the most important economic policymaker – has exacerbated the inflation problem in Iran.

And when you look at, for example, rankings in the private sector – how Iran ranks compared to other countries in the region – that's when it becomes really stark. The World Bank and the IFC do a report called "Doing Business," and when you look at Iran's rank in its "Doing Business" report, Iran really ranks – and what they do is they look at the ease of doing business, they look at regulatory environment, property laws – you know, Iran ranks at a pitiful number 135. They're keeping company with the likes of Syria, Uzbekistan, Albania, and Mozambique. And again, when you look at Iran's Persian Gulf neighbors, Saudi Arabia came in this year at number 23, which is an extraordinary jump for them. They're ahead of Austria, even South Korea, even Israel, and France. Kuwait comes in at 40, Oman at 49, UAE at 60, 68.

So what we're seeing is these, you know, at least in terms of the kind of globalization indexes and the kind of thing that maybe the World Economic Forum, Davos crowd looks at, and I think the kind of things that actually has real value to people because it does – foreign investment does follow. And when you look at Iran, people say, well, you can't compare it to the Emirates, or Kuwait, or Oman, you compare it to Turkey or Egypt, for example, Turkey is attracting far more foreign investment. Last year, it was to the tune of \$20 billion; Egypt is attracting far more foreign investment. Again, if you look at United Nations numbers, Iran was dead last in attracting foreign direct investment as well.

And these things do matter in an environment when, as Karim said, you do have this stifled human potential. But Iran is an oil country and you might look at Iran's oil, and even there, the story is one, sadly, of management. Iran's oil reserves are depleting at 200,000 to 300,000 barrels per year; it produces about four million per year, exports about 2.5, uses 1.5 at home. In fact, you know, one might be able to make the argument that a nuclear energy program is sensible for Iran because of how badly they're mismanaging their oil and gas program. You know, maybe they could make up for that, because in a sense the 1.5 that they're using at home in this environment of historic high oil prices, they could be using that to export abroad.

But when you look at – and I think Iran's gas industry is probably the best example of this mismanagement. You know, this is a country with 15 percent of the world's gas reserves and 3 percent of global output. Let me put it to you in another way. Iran's gas reserves are equivalent to the gas reserves of North America, Central America, South America and Africa combined, and yet it produces about one-ninth of that conglomerate. So essentially they're not able to get the gas out of the ground and get it to export markets, and again, you know, some of this certainly has to do with the climate of

international sanctions and a great deal of it has to do with poor management of this extraordinary bounty.

And so I think all of these things are important when we talk about, you know, this economic vision and this vision of social justice, because we have parliamentary elections coming up on Friday, and the economy is yet once again front and center as the major issue. And if you look at the posters that are appearing in Tehran and other places, people are, you know, writing this kind of Clintonesque posters about “feeling your pain,” and the opposition is talking particularly about the mismanagement of the economy. Ahmadinejad himself on February 11th said the economy requires major surgery. The trouble is most – many Iranians, particularly leading economists, don’t want him to be the surgeon and because of, you know, what we’ve experienced. Again, it’s worth noting when he came into power, we had oil at \$60 per barrel, now it’s hovering in the \$100 range.

And so, you know, you have this situation where Khamenei speaks in wistful utopian terms about social justice and economic independence, but when you actually look at the hard numbers, Iran is dramatically underperforming its potential. And when you – there is this – you know, a lot of people talk about how Iran is this emerging power in the Middle East now. Well, of course, you know, Iran should always be a power in the Middle East. That’s like saying Brazil is emerging as a power in Latin America. You know, because of its size, its natural resources, it’s skilled and, you know, very talented population, Iran should always be a regional power.

And what has made it more powerful in the past few years is the shifting geopolitical environment. To Iran’s east, the Taliban have been taken out, to Iran’s west, Saddam Hussein’s Iraq has been taken out. Now, I remember being in Iran in late ‘90s when Iran and the Taliban nearly went to war over the killing of 11 Iranian diplomats in Mazar-i-Sharif. Now, you know, Saddam Hussein was not – he was no longer a threat to Iran in 2003, but neither was Iraq a zone of Iranian influence in 2003 after the United States went in and took out and decapitated – and by the way, if you recall Saddam Hussein’s last words before he was hanged, it was “Death to the Persians.” So he’s still harbored this, you know, deep antipathy to Iran, and if he was gradually brought back into the international system, he might have acted upon that.

So I’ll just close by saying that – you know, that I suppose the great de Gaulle line about Brazil, which was notorious in which he said – and might be appropriate to Iran – in which he said, Brazil has enormous potential and it always will. And I suppose, you know, that was de Gaulle back then, and Brazil now is actually realizing its potential, and so with – in this kind of wistful utopian statements, I think here is an opportunity for Khamenei to actually get involved in the day-to-day affairs of Iran’s economy and it’s actually an issue that might make him even more popular in Iran.

One of these things that was striking and also you noted and I’ll just close with this is that when you travel across Iran, you hear jokes, critics, criticism of leaders, but Khamenei tends not to take a lot of fire in these jokes, and the jokes tend to be focused on

Rafsanjani and his corruption, Ahmadinejad, in particular. And so, you know, here's an opportunity for Khamenei to actually reach out to the Iranian people. I would be remiss if I didn't note that Khamenei also has overseen and not really done much to stop Ahmadinejad's season of repression in which we have seen a stepped up campaign of Iranian dissidence, a stepped-up campaign against bloggers and journalists and women's groups and NGOs, and really we're witnessing a serious strangling of Iranian civil society of which Khamenei has done very little to stop.

And I'll just end with, I think, the latest joke I heard from Tehran in which there was apparently a traffic jam and which is, you know, common in Iran, in Tehran in particular, and someone was walking around collecting – he had a basket and he said, you know, what's going on? And he told the person, well, there is a traffic jam because terrorists have come and they have taken Rafsanjani and Ahmadinejad hostage and they're demanding, you know, \$100 million or they will douse them with gasoline and they will go up in flames. And the driver said, okay, okay, you know, what's the average – what are people giving most? And he said, oh, about a liter. (Laughter.)

So we'll end on that.

MS. ESFANDIARI: Thank you very much. You started with a joke and ended – (inaudible). I'm going to open the floor now to questions. Could you please wait for the mike and identify yourself.

Yes, please, you in front.

Q: Thank you very much all of you for a terrific presentation. Karim – I'm Jon Greenwald from the International Crisis Group – Karim – (inaudible) – alumni organization. Karim, I was interested that you said that you thought the U.S. government should engage directly with Khamenei. Given the difficulties it's always had trying to engage with the more traditional elements of government, with the executive, with the legislative elements, I'd appreciate it if you could expand on how this would be possible? How could it deal more directly with Khamenei?

MS. ESFANDIARI: (Inaudible) – but then short answers.

MR. SADJADPOUR: Okay. Well, there's ways of dealing directly with his office, to name one person in particular, I think when it comes to foreign policy, the former foreign minister of Iran Velayati – he's right key – he's someone who's Khamenei's right-hand man when it comes to foreign policy issues. What I think is important is that we accept a situation in Iran where, I think, there's a president – in order to kind of make advances in U.S.-Iran relations, you have to have a situation where there's a president in Iraq whom Khamenei trusts and the United States can also work with. I think the problem with Khatami was that the U.S. could work with Khatami, but Khamenei didn't really trust Khatami. The problem with Ahmadinejad is that the U.S. can't work with Ahmadinejad, although Khamenei, I think, trusts him. And I think in 2009, if we have a situation where there's an executive – there's a president who kind of

– is trusted by Khamenei and whom the U.S. can also deal with, then we'll be in that situation where there's potential.

But there are ways of dealing directly with him, and Putin recently visited Tehran and he made it a prerequisite of his visit that if I go to Tehran, I don't want to just see Ahmadinejad, I want to see Khamenei. ElBaradei also went to Iran recently and he met directly with Khamenei. So it's true he's not the most accessible guy, but there are ways of reaching him directly.

MS. ESFANDIARI: Do you want to, Afshin and Mohsen?

Q: Hi, Babak Yektafar, Washington Prism, World Security Institute. Thank you very much for a wonderful presentation. And the question that I had was something that was alluded to in terms of ironically marginalization of the clerics in Iran which I think – and I may be wrong – was really the establishment of the – (unintelligible) – which essentially centralized the power of the cleric. And before the revolution, it used to have all these fellow grand ayatollahs in every major city, at least one or two with multiple followers and you don't see that anymore. And what you're seeing more and more, because of the security situation that you just mentioned, was the role of the Sepah, or the Revolutionary Guards, and of course, more recently we've seen that the new leader of the Sepah making these speeches and one in particular that made so much news about supporting a particular faction, the – (unintelligible) – for the upcoming elections.

So my question, post-Khamenei, how much do you see the role of this – this growing role of the Revolutionary Guards and the financial backing that now they have with the Bunyas – don't even have to rely on the old bazaar merchants anymore, the role of this Revolutionary Guards in the future of Islamic Republic?

MR. MILANI: Excellent question. I'm not very sure I can give you an excellent answer. I think you have identified what I think is the most important development in Iran in the past six or seven years. It's not the rise of Khamenei, the rise of Ahmadinejad. I don't think it is the consolidation of power by Khamenei. I think it is the growing power of the Pasdaran and the security forces in Iran and it is started in 2000 and it has continued.

We already know that the Pasdaran have been engaged in economic reconstructions. We also know that they have played a major role in Iranian foreign policy that goes back to the 1980s. For example, during the Iran-Contra affairs, the conventional wisdom was that the CIA, with the help of the Israelis, contacted some people in Iran and then for some strange reason it didn't work out. Well, if you go to the major think-tank of the Pasdaran, which I think is the best think-tank in all of Iran and they have produced fantastic stuff, not only on the war with Iraq, but also about the Iran-Contra affairs, you can see that they were engaged in this from the get-go. They were supervising the entire activities.

So what now – it used to be latent, now has become manifest. So the real question for me is: Is this increased power of the Pasdaran, in the political as well as the economic role, is that something that Khamenei or the next person, whoever replaces him, can in fact control, or is the Pasdaran going to play the kind of role that the Turkish army played in the 1960s and '70s or even '80s, or the role that the Pakistan army plays? That is the big question, and I don't have any answer for it. But if you really, really pushed me and I have to give you an answer, I would put my money with the Pasdaran as the most powerful force in Iran for the next decade or so.

MR. SADJADPOUR: I would agree with Mohsen, and I would just argue that over the past five or so years the institution of the Revolutionary Guards has eclipsed the institution of the clergy as the most powerful institution. I think we all would agree that none of – neither of these institutions are monolithic. There's a variance of opinion among them, but as an institution, the Revolutionary Guards are very popular. Anecdotally, five, ten years ago, you would hear about important businessmen in Iran and you would hear that, you know, so and so has a family connection with such and such cleric. These days the prominent businessmen you hear, you know, so and so has a connection with such and such Revolutionary Guard commander. So you can see it kind of playing out in that as well.

Between Khamenei and the Revolutionary Guards, I see a very symbiotic relationship. Khamenei indulges the Revolutionary Guards economically and they indulged him politically. He doesn't have, you know, the same popular appeal that Khomeini had, but he appoints the senior commanders in the Revolutionary Guards and they're all very publicly deferential to him.

MR. MOLAVI: To add, you know, when you're looking at the relative power of institutions in Iran, following the money is not a bad way to look at it and when you look – when you do follow the money, you do see, as Karim said, the Revolutionary Guard have injected themselves and inserted themselves in the business world in a very substantive and serious way. Revolutionary Guard engineering companies are winning no-bid contracts in oil and gas. They are building, you know, several lines of Tehran's metro. And so I think that's a very important point, and in that respect, they may resemble the Chinese Red Army of the 1980s, when they started injecting themselves into the business world as well.

MS. ESFANDIARI: Yes, and then in the back Jessica – yes, please.

Q: Yes, thank you. Hello. I want to start – I'm (Bill Icker ?). I want to start by thanking Carnegie for a wonderful lunch and – (laughter) – it was – and I want to hit upon – the many experts that I have spoken with around the city, especially in the Congress, say that Iran is at war with the United States, albeit undeclared, and it would seem from the evidence in Iraq that U.S. troops are actually fighting Revolutionary Guard trainers. There is killing from Iran to the U.S.

And so my question is: How does the United States make peace with a country that is at war with us? What would work?

MR. MOLAVI: You know, I think that when you read some of the Revolutionary Guard literature that Mohsen referred to and when you talk to, you know, officials in the more hard-line camps in Iran, I think they do feel that they are engaged in a what they would refer to as a battle for influence with the United States and the theater is across Southwest Asia and the theaters of operation are Lebanon, Palestine, Iraq, Afghanistan, and you know, part of Ahmadinejad's interest and fascination with Venezuela is not only the fact that they get on well as both sort of anti-imperialist, anti-American brothers in arms, but it's kind of also a way to inject Iran into the American hemisphere as well.

So I think that there is some truth to this notion that Iranian senior officials, particularly Revolutionary Guard guys, do view themselves as in a battle for influence with the United States and they often bring up this issue of Condoleezza Rice talking about the New Middle East and they say, yes, there will be a New Middle East, but it will be shaped by us, more than by you.

MS. ESFANDIARI: Thank you.

Jessica in the back. Jessica Matthews, please.

Q: Thank you. Jessica Matthews, from the Endowment. If I could, I want to ask – thank you all three for a fascinating discussion. Two different questions. The first has to do, Karim, with the – your use of the word “contempt” for Khamenei's feelings towards U.S. and I'm wondering whether the right word is “contempt” or “fear” and what's in my mind is the 2003 overture from Iran to the U.S., because it's hard to interpret that as having been anything else than – anything other than, at that moment, a fear that the U.S. might attack. Presumably – and this is a question that would not have been made without his approval – so how does one explain that overture?

The other question has to do with something all three of you touched on. I'd be interested in knowing how much he knows of what's happened since the 1960s, even inside Iran. For example, does he know – or how much does he know about the economic mismanagement? How does he spend his days? What does he read? Where does he get his information from?

MS. ESFANDIARI: Mohsen, you go first.

MR. MILANI: I think – I don't know if I would use the word “contempt,” but if Karim wants to use it, I have no objection. (Laughter.) I personally would use the word “fear” more and the reason is exactly the examples you have given, and also if you really look at the ideological revolution of Khamenei, if you really pay attention to what he did prior to becoming the Vali-e Faqih of Iran, he was much more moderate than he seems today. And I think the real Khamenei is not the Khamenei who is in power, because

power corrupts and the position he is in today requires that he has to find a balance, maintain an equilibrium in the system.

And I think it is very difficult to know what he really thinks based on what he says now, whereas I really think the real reflection of his worldview is what he said when he was president and what he said when he wasn't president in Iran. Remember, he was the one who opposed Ayatollah Khomeini's issue of fatwa against Salman Rushdie, and when he opposed it, Khomeini just told him just shut up and he did. But he opposed it. He was the one who came to the United States, and I recalled very vividly when he was talking about talk with the U.S. as the president of Iran. Then I think after he became Vali-e Faqih, things changed and his view, I think, has changed fundamentally.

And the best way I can describe to you is to tell you what I was told was the fundamental difference between Rafsanjani and Khamenei about the U.S. and I think that remains the case. There was an intensive discussion with the – between the two whether Iran should move toward a gradual rapprochement with the U.S. Rafsanjani's view was that we should start economically, then gradually expand to the political sphere. Ayatollah Khamenei, on the other hand, believed that there is an established trend of the way the U.S. operates. They befriend you, they use you, and when they're done with you, they undermine you. And that is the view he has, and I think that view has not changed.

That is why I said fear is the key, and as long as he is not very sure that the U.S. is not determined to overthrow the Islamic Republic, it is very unlikely that he is going to show his real card about U.S.-Iran relations.

MR. MOLAVI: It's hard to ascertain, you know, what Khamenei really thinks and – but I think, you know, if he does read the newspapers, which presumably one, you know, hopes he does, then it's hard to miss the frustrations over the economy, because regularly you see in the Iranian press statements about the Iranian economy. There have been open letters by economists written to Ahmadinejad, open letters from the Majlis to Ahmadinejad about the state of economic mismanagement. So that's something that's kind of hard to miss.

Karim also alluded to one thing in the paper in which he was meeting with filmmakers and he said to those filmmakers, what you do is ten times more important than what we can do as clerics, you know. So I don't know if he quite gets the anti-clericalism that is prevalent in wide – across Iran, but if he is paying even the most cursory attention to some of the most popular movies in Iran today, many of them do have anti-clerical themes.

And so – and there was one very interesting moment in which state television tried to show kind of the human Khamenei in which they showed him mountain-climbing and you could see the television reporter really with fear in his eyes interviewing Khamenei and Khamenei kind of making a statement to him about the importance of exercise and how young people should exercise, and – but that's the only sort of time I've

seen a state television try to do kind of the human side of Khamenei. They really keep him – the personal away from him.

MR. SADJADPOUR: Just briefly. To answer the second question first. As far as I know he hasn't left the country since 1989, since he was – he's been Supreme Leader. So he hasn't left Iran for the past 19 years. And a friend of mine was a European diplomat in Iran once told me that he had a meeting with one of Khamenei's senior advisers and in a moment of frustration the guy lashed out and said, we need to take the ayatollah to Dubai for the weekend – (laughter) – to show him what's going on outside of Iran, when he talks about Iran as this great economic power, to show him what's going on.

But I do think that what's taking place in the Middle East the past few years has, in a way, redeemed Khamenei's worldview in his own eyes, because what he says is that this trend of westernization and globalization is actually not bearing fruit in the Middle East. When democratic elections happen in the Middle East, Hamas gets elected in Palestine, Hezbollah in Lebanon, co-religionists in Iraq, the Muslim Brotherhood in Egypt, Ahmadinejad in Iran. So at the moment, he really feels that the tide of history is on his side, but again I think he's profoundly out of step with what's going on outside of Iran, outside the Middle East.

Now, the first question – I'm glad you asked about this 2003 overture, because I would agree that he is very fearful of the U.S. and he is very mistrustful, he's deeply mistrustful of U.S. intentions. And if we look back at that 2003 overture, it was made at a time when Baghdad had been captured in about 18 days, oil prices were about \$30 a barrel, there were student agitations taking place in Tehran, and there was a lot of hubris that, you know, men go to Baghdad, but real men go to Tehran, that this – neo-cons are going to transfer this regime change policy eastwards. So this was very much done out of fear. The overture was made by someone who is related to him by marriage, the former – Iran's former ambassador to France.

But if we just look at the mechanics of how that works, I don't think it was a situation whereby Khamenei said let's make an overture to the United States. I think these diplomats came to him and implored him and said we have to think about making amends with the U.S. and I think he said, okay, but don't leave any fingerprints. And I don't necessarily think that he adhered to it wholeheartedly. It was a trial balloon he wanted to float.

Before I embarked on this study, I would also have used the word "fear," but the contempt – and I would continue to use the word "contempt" just that on a weekly basis, you can give a speech which again doesn't matter if you're talking – if he's talking about agriculture, or policy, or education will somehow comes back to the evilness of the United States and after the Axis of Evil speech has begun, referring to the United States as the "Devil Incarnate." I just found it deeper than fear, and I think the fact that the U.S. chose not to even acknowledge the 2003 overture, really reemphasized this sense of contempt he has towards the U.S.

MR. MILANI: Quickly, the question you asked about the information he gets. He does have a kitchen cabinet and these are the closest people to him, very dear and near to him, who provide information to him and his office has grown considerably. It's now estimated it has somewhere between 600-1,000 staff members and that's huge.

And also, regarding Iranian power, because we've talked about this, I agree with Afshin that in terms of economic power, even in terms of conventional power, Iran is not that powerful, but Iran does have something that makes it unique in the Middle East and that's why it is an emerging power. Iran cannot formulate, cannot shape the future of the Middle East. There is no question about it. But there is not a single country in the Middle East that can disrupt the New Middle East the way Iran can. So Iranian role is negative. It can become a great spoiler of the Middle East, hence, its emergence as a New Middle East power.

(END)