

# Regime Change

**BY ABBAS MILANI**

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The clerical cabal that rules Iran is pushing its captive population ever closer to the precipice. President Ahmadinejad's declaration that Israel should be "wiped out" has dramatically enhanced Iran's isolation. The regime's best hope is that China's insatiable hunger for energy will lead Beijing to use its veto power to thwart a possible U.N. sanction. That said, there are advocates of the Iranian regime who still claim that a grand bargain with the mullahs -- to wit, American security assurances in return for an Iranian promise to give up nuclear ambitions -- is the only option open to the U.S. Another camp sees surgical attacks on the regime's nuclear facilities as the only way to thwart the mullahs' nuclear ambitions. But any such attack would kill hundreds of innocents, and be open to legal challenge. It would also not be certain to destroy Iran's deeply fortified nuclear centers. Besides, an attack is likely to consolidate the power of the most strident elements of the regime.

The only answer to the Iranian nuclear problem is democracy. The Ahmadinejad administration is already notorious for its mediocrity, and for its domination by the military and intelligence sectors. The election has led to a growing rift in the ranks of the hitherto unified ruling clerics. More than four months after the presidential elections, different factions of power have yet to agree on four important ministries: oil, education, social welfare and cooperatives.

In spite of record oil revenues, the economy is in trouble. Millions live in poverty; millions of others are chronically unemployed. The new president's populist but mindless pronouncements have led to a slump in the economy. The state accounts for 80% of the economy and the president has promised to increase its share even more.

Private sector investments have all but completely ceased. Private banking is in crisis because the president indicated that banks should be a monopoly of the government. Furthermore, the government's clumsy attempts to tinker with interest rates, and rumors that it was to do away with interest altogether -- Islam bans usury -- have only added to the crisis. Bank managers have declared a moratorium on loans. Stock prices slid when word got out that the president considers the stock market "un-Islamic." The Tehran stock exchange is now estimated to have lost 30% of its total value.

Internationally, the regime has often congratulated itself in recent years on its ability to play off the EU against the U.S., and Russia against the West. China and India -- who together have signed agreements to purchase Iranian oil to the tune of \$150 billion -- have also had close ties to Tehran. But the EU seems no longer willing to be used as a foil against the U.S.; and India is showing a new unwillingness to endanger its friendship with Washington over Iran.

Allegations that the Islamic Republic has supplied Sunni terrorists in Iraq with armor-piercing bombs has put Iran on a collision course with the hitherto unfailingly conciliatory British. Many in the regime now feel that Iran is dangerously isolated and vulnerable. As a way to assuage alarm, the government has announced that all branches of government will be handled by an "Expediency Council" -- not by the incompetent new cabinet. This has led to open bickering between factions. An ally of President Ahmadinejad declared that under no circumstances would nuclear negotiations be entrusted to Hashemi Rafsanjani, head of the council.

This disarray has led, for the first time, to open criticism of the regime's tactics in the nuclear area. The critics all repeat a firm commitment to the right of Iran to pursue a peaceful nuclear program; but they go on to criticize the regime's policies. Some of these, like the Islamic Revolutionary Organization -- for the last 25 years a stable supporter of the regime -- and some members of the parliament, are now questioning the wisdom of pursuing a nuclear program at the cost of becoming a pariah nation. That these voices have emerged in spite of an atmosphere of terror -- where casting doubt on the nuclear policy is seen as treason -- indicates that opposition to current policies might well be far greater behind closed doors.

The West, particularly the U.S., inadvertently helped the clerics by failing to engage with the Iranian people on the real issues underlying the nuclear problem. Questions about the economic viability of a nuclear program, debates about the real strategic value and cost of a nuclear bomb for Iran, and information on the urgent question of nuclear safety, were never part of a credible U.S. or EU attempt to address the Iranian people. But the recent developments in Iran have created new opportunities for the U.S. to actively engage in this debate.

The time for a new grand bargain with Iran's people has arrived. Instead of saber-rattling, the U.S. must encourage the unfolding discussions in Iran. It must reassure the Iranian people that it respects their right to develop a nuclear program that conforms with international law, and that the problem is not with the people but with those who have coercively monopolized the right to speak for them. Every element of this new bargain -- ending the embargo and replacing it with smart sanctions; lifting the bans on airplane spare parts and offering earthquake warning systems; and even direct discussions with the regime -- must be seen as part of a grand strategy to help the Iranian people achieve their dream of democracy. Otherwise, they will be seen merely as a deal with the regime. This will obliterate the valuable good will of Iran's people.

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