

Iranian regime reacts to Obama's election

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Within the Iranian ruling elite, a perception has developed in recent months that an Obama administration would hold out the prospect of an improvement in relations with the United States. The only evidence for this conclusion has been Obama's statements that he would be prepared to hold direct talks with Iran over its nuclear program—something the Bush administration has refused to do.

The Iranian view that Obama's election would lead to a shift in US policy was reflected most clearly in a letter of congratulations sent to the president-elect by Iranian president Mahmoud Ahmadinejad. The letter itself was unprecedented, as it was the first time since the establishment of the Islamic Republic in 1979 that an Iranian leader had written to the victor of a US election.

Ahmadinejad spelt out the hopes of the Iranian establishment, with a wish-list calling for a restrained US imperialist policy throughout the globe.

"The nations of the world", he wrote, "expect an end to policies based on warmongering, invasion, bullying, trickery, the humiliation of other countries by the imposition of biased and unfair requirements, and a diplomatic approach that has bred hatred for America's leaders and undermined respect for its people. They want to see actions based on justice, respect for the rights of human beings and nations, friendship and non-intervention in the affairs of others. They want the American government to keep its interventions within its own country's borders."

He called for "a policy of full rights for all nations, especially the oppressed nations of Palestine, Iraq and Afghanistan", and declared that Iran "would welcome major, fair and real changes, in policies and actions, in this region". (Translation by the *Washington Post*.)

Obama's response brought a quick end to Ahmadinejad's hopes for an end to US interventions in

the Middle East and respect for the sovereignty of Iran and other countries.

At the president-elect's first press conference last Friday, Obama stated he would not take a "knee-jerk" attitude toward Iranian overtures and confirmed that he had diplomatically snubbed the Iranian president by not replying to his letter.

Far from indicating a thaw in tensions, Obama repeated the two claims that the Bush administration has used to justify its repeated military threats against Iran. He accused Tehran of constructing nuclear weapons and supporting international terrorism.

Obama declared: "Iran's development of a nuclear weapon I believe is unacceptable. We have to mount an international effort to prevent that from happening. Iran's support of terrorist organisations, I think, is something that has to cease."

Obama's statements were greeted with frustration in Iran. The powerful speaker of the parliament, Ali Larijani, said they showed the US "was not moving in the right direction". Foreign ministry spokesman Hassan Qashqavi labelled them "erroneous impressions" and asked "can the gentleman bring change or not?"

Answering his own question, Qashqavi declared: "We shouldn't expect fundamental, revolutionary changes in US policy."

The reality is that Obama's differences with Bush over Iran have been tactical. Given the range of dilemmas that have engulfed US imperialism during the past eight years, powerful factions of the American ruling elite used the Obama candidacy to argue that it was not the time for a direct military confrontation.

Former National Security Advisor Zbigniew Brzezinski, a key foreign policy advisor to Obama, spelt out again this week the considerations that animate the offer of talks with Iran.

"It seems to me", Brzezinski told *Voice* "that serious discussions are a better policy than increasing hostility, threats, all of which eventually can lead to some sort of a collision. A collision, an additional war, in that part of the world, in addition to what is going on in Afghanistan and Pakistan and in Iraq, would be a catastrophe for the region, and a catastrophe for the United States."

Obama, however, has already made clear that his administration is not about to make any significant concessions to Iran. Moreover, it will undoubtedly exploit the deepening economic crisis inside Iran to intensify its pressure on Tehran to agree to US demands.

The initial gloating in Iranian ruling circles over the financial meltdown in the US has given way to despair. Oil revenues, which make up 80 percent of the country's foreign earnings, are falling sharply. The price of oil has collapsed to less than \$60 a barrel, with predictions it could fall as low as \$50. The Iranian budget may well record a sizeable deficit.

The slump will aggravate already volatile social tensions. Up to 20 percent of the population do not have regular work, while price increases have averaged 29 percent this year. Ahmadinejad's government will no longer be able to stave off discontent over the high levels of unemployment and run-away inflation by using oil revenues to finance cash hand-outs to sections of the population. It will be increasingly reliant on repressive measures and censorship to prevent unrest.

The government has also forced banks to lend at interest rates far below inflation. As a result, at precisely the time when businesses and farmers need emergency lines of credit, the banking system is short of available capital. This will have a particularly severe impact in rural areas, where crops have been devastated due to drought.

Economic circumstances mean that the sanctions imposed through the United Nations and unilaterally by the US and its allies are having a serious impact. Iran will ultimately need to borrow on world financial markets if it slumps into budget and trade deficits, but confronts huge obstacles in doing so. Like North Korea, it faces the prospect of economic strangulation unless it closes down its nuclear enrichment facilities and bows to other US demands.

Criticism of Ahmadinejad is growing as the situation

facing the Iranian ~~Aeginea~~ *Aeginea*, becomes increasingly desperate. On the weekend, 60 Iranian economists signed a 30-page letter that condemned the government's "extreme idealism" and denounced its "misguided trade policy and policy of tensions with the rest of the world".

The letter declared: "Meagre economic growth, widespread jobless rate, chronic and double-digit inflation, crisis in capital markets, government's expansionary budgets, disturbed interaction with the world, inequity and poverty, have combined with the global economic downturn to leave undeniably big impacts on exports and imports."

With the election of Obama, a section of the Iranian elite associated with the so-called reformers sees the opportunity of cutting a deal with Washington to end Iran's economic isolation and salvage their economic interests. As Obama has made clear, however, the US has no intention of making any major concessions to Iran.

Any steps towards negotiations with Iran are likely to be drawn out by an Obama administration until after the Iranian presidential elections in June 2009, with the aim of using sanctions to further weaken its economy and undermine support for Ahmadinejad.

Behind-the-scenes, preparations for war will continue to be made, should a sanctions agenda fail to bring about the desired result. As the *World Socialist Web Site* reported last week, Bush and Obama advisors have been jointly discussing plans to significantly escalate diplomatic pressure against Iran, as well as deploying the forces needed for a "last option" military strike. (See "Obama advisers discuss preparations for war on Iran")



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