

# Iran's government criticised over nuclear talks

Peter Symonds  
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In the aftermath of international talks in Geneva last week on Iran's nuclear program, open divisions have begun to emerge in Tehran's ruling circles over the efforts of President Hassan Rouhani to reach a deal with Washington to end the punitive US-led sanctions that have crippled the country's economy.

Rouhani won June's presidential election and was installed in August. At the UN last month, he and his ministers engaged in what has been dubbed a "charm offensive," speaking widely to the US media, business groups and think tanks, and mooted a possible rapprochement. Just before his return to Iran, Rouhani had a 15-minute phone conversation with Barack Obama, the first contact between the presidents of the two countries since the 1979 Iranian revolution ousted the brutal regime of US ally, Shah Reza Pahlavi.

At the Geneva talks last week, Iranian Foreign Minister Mohammad Zarif made a PowerPoint presentation, entitled "Closing an Unnecessary Crisis, and Opening New Horizons," which outlined the basis for negotiations to end the decade-long US-led confrontation with Iran over its nuclear programs. Details of the discussions have not been made public. The next round of talks between Iran and the P5+1 group (the US, China, Russia, Britain, France and Germany) has been scheduled for November 7-8.

Iran Supreme Leader Ayatollah Ali Khamenei, cautiously gave the green light for Rouhani's diplomatic efforts, which were also endorsed by the Iranian parliament. Nevertheless, elements of the "Principalist" faction have begun to publicly criticise the negotiations.

In a comment entitled "Why is the enemy satisfied?" the editor of the *Kayhan* newspaper, Hossein Shariatmadari, questioned the secrecy of the talks, saying that it raised "suspicions in public opinion that

[Iran's negotiators] might give an 'inappropriate' concession." He declared: "The unprecedented excitement of [the US] ... shows that we have not gained any concessions in return for all the concessions we have given away or promised to give away."

Other "hardline" newspapers targeted Foreign Minister Zarif and "the New Yorkers circle" of Iranian officials, accusing them of being responsible for "damaging the national interest" in the past. Zarif was educated in the US and was based in New York as Iran's UN ambassador for five years.

Former Iranian President Akbar Hashemi Rafsanjani came under fire for suggesting that the slogan "Death to America" would no longer be appropriate if relations between Tehran and Washington were normalised. General Masoud Jazayeri, a senior commander in Iran's Islamic Revolutionary Guard Corps, announced a "Death to America committee" to organise a major anti-US rally on November 4, the anniversary of the takeover of the US Embassy in 1979 by protesters.

Rouhani is closely aligned with Rafsanjani, a billionaire businessman who served as president between 1989 and 1997. Rouhani served as Rafsanjani's national security adviser, continuing in that role under "reformist" president Mohammad Khatami. Both Rafsanjani and Khatami sought to end the standoff with the US over the country's nuclear programs as part of a program of pro-market restructuring aimed at opening up the economy to Western investment.

Rafsanjani speaks for layers of private businesses who have not only been hard hit by the international economic sanctions but have been squeezed by state-owned monopolies and particularly the extensive economic empire of the Revolutionary Guards. A *Financial Times* article last week pointed out: "The

Guards have become the country's commercial powerhouse by taking assets in privatisations as well as big energy and construction projects. It is almost impossible to estimate the force's total wealth because of its opacity. Nonetheless, some analysts reckon the Guards' companies and banks generate income of about \$US100 billion annually."

During the presidential election campaign, Rafsanjani bluntly declared that the Guards' "now control the country's pulse in the economy, foreign and domestic politics and would not be happy with anything less than the whole country." Many of the so-called hardliners have close connections to the Guards, whose business interests would likely suffer if foreign investors began to compete after sanctions were lifted.

The US-led sanctions have cut Iran off from international banking and drastically reduced its main export—oil, compounding the country's economic crisis and opening up divisions in the conservative faction. Political commentator Fereydoun Majlesi told the *Wall Street Journal*: "Many conservatives are also suffering under the present circumstances. They, too, prefer to enjoy the benefits of the business opportunities provided by normalisation of the Iran-West relations."

In a speech last week, General Hassan Firouzabadi, second-in-command of Iran's armed forces and a member of the National Security Council, endorsed Iran's initiatives in the Geneva talks, saying it was a unique opportunity to end hostilities with the West. "America should seize this chance, which won't last forever," he said.

The Iranian bourgeoisie as a whole is deeply fearful that worsening social tensions will produce an eruption of opposition by the working class and rural poor. The latest official statistics reveal that the economy shrank by 5.4 percent over the past year, youth unemployment hit 28 percent and inflation rose to 40 percent. The prices of staple food items soared: rice by 70.4 percent, grain by 79.7 percent, vegetables by 83.7 percent and sugar by 43.2 percent.

According to the *Financial Times*, the government confronts a budget deficit estimated to be as high as \$28 billion. Mahoud Ahmadinejad, the previous president, began the process of reining in public spending by slashing price subsidies on fuel and other basic commodities—a move that was praised by the International Monetary Fund. The subsidies were

replaced by limited handouts, which the Rouhani administration is now looking to slash, either directly or indirectly by raising energy prices.

Such a step would rapidly generate opposition. Economics professor Hossein Raghfar told the FT that the subsidies cut had already hit working people hard. "During the past eight years under Ahmadinejad, the poor have increased from 22 percent of the population to more than 40 percent," he noted.

For the time being, Rouhani appears to have the guarded backing of Supreme Leader Khamenei and a majority of the ruling elite to try to cut a deal with the US to ease the present economic impasse. The new government's critics have been relatively muted, and protests against the "charm offensive" remain small by Tehran's standards. But the present general consensus could rapidly fall apart if Rouhani's overtures are rebuffed, the US fails to offer any significant concessions and the negotiating process drags out, plunging the country into a deeper economic and social crisis.



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