

Position Paper

Pezeshkian's Presidential Victory: Implications and Challenges

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Contents

The Reasons for Pezeshkian's Win	3
The Implications of Pezeshkian's Win	6
The Challenges Facing the New Iranian President.....	9
Conclusion	14

In a notable shift from the Iranian regime's longstanding policy of engineering presidential elections in favor of the "conservative" current, the Iranian Ministry of Interior announced "reformist" candidate Masoud Pezeshkian as Iran's newly elected president. This development holds significant implications with potentially far-reaching consequences both domestically and internationally. The victory of Pezeshkian was announced on the morning of July 6, 2024 after he secured 16.3 million votes, surpassing his "conservative" rival Saeed Jalili who received 13.8 million votes.

This report aims to analyze Pezeshkian's win amid Iran's internal and external circumstances — what key factors contributed to Pezeshkian's victory against Jalili? What are the main potential implications and challenges facing the 9th president of Iran, especially in the context of Iran's regional and international foreign policy?

The Reasons for Pezeshkian's Win

The internal environment, the context of the presidential elections in the wake of the helicopter crash in which President Ebrahim Raisi was killed, Iranian officials' statements and the candidates' programs which were conveyed to the public in the two debates conducted before the second round of elections, provide insights into the reasons behind Pezeshkian's victory in the presidential race.

The Ruling Establishment's Laxity in Rigging the Elections in Favor of "the "Conservatives"

Given the short timeframe, the regime chose to refrain from electoral interference in order to address public disillusionment with the "conservatives" and to enhance the facade of free and fair elections. Unlike the 13th election, during which the regime heavily engineered the process to ensure Raisi's ascension to power, this election saw a decline in the "conservatives'" chances against the "reformists'" favorable opportunity to win the presidency. Perhaps the crises that befell Iran and the widening gap between the regime and the public, which resulted in successive protests that troubled the ruling elite and created a state of despair and societal frustration similar to what

Iran experienced before the revolution, were the reasons for the establishment's leniency in its traditional approach of engineering the elections in favor of the "conservatives."

The Impact of Internal Dynamics on the "Reformists'" Chances

Internal dynamics played a significant role: the unprecedented number of protest waves in recent years and the continuous decline in voter turnout were notably influenced by the growing discontent of a large societal segment toward state policies and the political dominance of the "conservatives." These factors led the ruling establishment to depart from its longstanding policy of "reformist" marginalization in order to ensure "conservative" dominance over state institutions. Although this approach succeeded officially, it failed to draw the "reformist" popular base toward the "conservative" current and created a sense of despair leading to voter apathy, particularly among the "reformists" who were increasingly convinced of the futility of elections which only served to perpetuate the status quo. The ruling elite therefore sought to limit the continuation of deteriorating conditions and escalating crises witnessed during the "conservatives'" control of the presidency.

The Split of the "Conservative" Vote

"Conservative" dominance was reinforced by the Guardian Council's selection process, which shortlisted five candidates from the "conservative" bloc. These candidates competed in the initial round of elections against a lone "reformist" candidate. The "reformist" strategy hinged on consolidating victory in the presidential race by capitalizing on the fragmented "conservative" vote, aiming to achieve a significant upset in the electoral contest.

The Significance of Gray Votes

The presence of a favorable opportunity for the "reformists" to win the presidency motivated the gray votes and the silent bloc to vote in the second round for Pezeshkian, who vowed in his debates to serve as a "voice of the voiceless" and highlighted the plight of those hard-

est hit by the country's manifold crises. This was evidenced by the increased voter turnout in the elections, which was expected, in the second round at 49.9% compared to 40% in the first round.

Pezeshkian's Vision for Addressing Internal and External Issues

During his debates with Jalili, Pezeshkian presented a clear roadmap for resolving crises and overcoming obstacles both domestically and internationally. He supported the supreme leader while attributing the abstention of about [60% of citizens](#) in the first round to the failure of governments to address crises and fulfil promises. He expressed a desire for openness and dialogue with the West to lift sanctions as a priority. His vision resonated with the public and addressed their tragic conditions caused by deteriorating socioeconomic standards a result of the ruling establishment's internal and external policies. Although Pezeshkian's proposals did not address the full scope of the country's longstanding crises, Jalili did not offer any new solutions to address these crises and adhered to the "conservative" current's traditional hardline stance toward the West which has failed to yield any results.

The Supreme Leader's Position on the Presidential Candidates

Supreme Leader Ali Khamenei's statements two days before the commencement of voting may have favored Pezeshkian. Khamenei acknowledged the weak participation in the first round and urged citizens to vote in the second round, refusing to label all non-voters as opponents and attributing their non-participation to being preoccupied. The supreme leader's plea for Iranians to vote reflected the ruling establishment's attempt to restore its legitimacy both internally and externally, and its fear of the widening gap between it and the citizens, thus increasing the likelihood of political violence through protests. On the other hand, the supreme leader's statements could be considered as reassurance for those fearful of potential rigging in favor of the "conservative" candidate, which motivated voters aligned with the "reformist" current to vote.

The Implications of Pezeshkian's Win

The victory of Pezeshkian, who embraces an ideology different to the “conservatives,” could have several domestic and foreign repercussions, as follows:

On the Domestic Front

The Renewal of the Duality Conflict in Governance Institutions

Pezeshkian's victory enhances the chances of a return to crises between the “conservatives” and “reformists” in governance institutions, especially if the “reformists” enhance their momentum and start to exert influence. The “reformists” have a popular base and a significant political presence domestically in the Iranian equation, unlike the “conservative” current. This may lead to the revival of the conflict between the two currents, which the ruling establishment had previously managed to end by ensuring the late President Raisi's rise to power through engineering the electoral process. Consequently, Pezeshkian's win could lead to the return of the division between the presidency and the Foreign Ministry on one hand, and the Supreme Leader's Office and the Islamic Revolutionary Guard Corps (IRGC) on the other, as was the case during the era of former Iranian President Hassan Rouhani.

The Issue of the Supreme Leader's Succession Returning to the Forefront

The assumption of executive power in Iran by the “reformist” Pezeshkian brings back to the agenda the issue of the supreme leader's successor, which the establishment had addressed through the rise of the late President Raisi to power in Iran. Many viewed Raisi as the obvious successor to aging Supreme Leader Khamenei.

Attempts to Effect Change

Despite the burdensome legacy of crises in Iran that exceed the ability of any president to address, Pezeshkian's statements about the existence of an array of crises that led to about 60% of citizens abstaining from voting in the first round, and his desire, according to his debates, to address them, may result in domestic reforms that help to

rebuild the relationship between the state and its citizens and mend the rift in the political sphere. This was reflected in his [first](#) speech after the announcement of his presidential victory, “We will extend friendship to everyone to attract everyone for the advancement of the country. The competitors are our brothers.”

The Possibility of Clashes with the “Conservative” Camp

The economic file will not be devoid of some tensions between the new “reformist” president and the “conservatives.”” One of the most prominent issues for Pezeshkian is for Iran to join the Financial Action Task Force (FATF) which focuses on combating money laundering and terrorist financing. For the “reformist” president, this is critical to reviving foreign investment and enhancing the country’s abysmal ranking in transparency and combating corruption indexes. Iran’s Expediency Discernment Council has vehemently opposed the ratification of FATF bills for years, fearing the discovery of Iran’s external financial dealings with networks circumventing sanctions or with armed groups abroad, such as in Syria, Lebanon and Yemen. There is also the issue of economic intervention by the religious establishment and the IRGC, which Pezeshkian opposed in his electoral debates. However, in practice, the implementation of the new president’s vision will not be possible due to the entrenchment of these institutions in the economy over the four decades since the revolution and the existence of interest groups that will not allow the loss of their influence and gains. If the attempts by some former presidents to overturn this intervention, such as Mohammad Khatami and Hassan Rouhani, are any guide, then it is clear that navigating these complexities is likely to prove unsuccessful.

On the External Front

In the context of foreign policy, as declared by Pezeshkian in his debates, it can be said that he believes in a policy of openness to the world, leaning toward a blend of both Rouhani’s and Raisi’s approaches. He clearly spoke about the necessity of opening up to the West while simultaneously prioritizing the regional sphere.

Enhanced Prospects of International Integration

As conveyed in the presidential debates, Pezeshkian believes that openness to the world and settling regional and international disputes through dialogue will positively impact Iran's fraught internal situation. Such openness contributes to creating a favorable environment for improving deteriorating living conditions, boosting economic growth and halting emigration to rebuild Iran.

He [asked](#), "Why can't our traders travel easily to Europe? What have we done to be treated this way by the world? In our neighborhood, why doesn't Turkey give us our money? Why doesn't China return our dollars? Why isn't the 25-year agreement being implemented?" He asserted that isolationist policies have resulted in the failure to achieve the supreme leader's policies aimed at making Iran the top regional power [by 2025](#), a clear paradox to his recognition that the broad outlines of Iranian policy are determined by the supreme leader and are not constitutionally within the president's powers.

The Increased Chances of Returning to the Nuclear Deal

Pezeshkian's statements in his debates about the nuclear deal suggest an increased likelihood of Iran returning to nuclear negotiations with the West. It seems that Pezeshkian believes economic diplomacy and improving economic relations with regional and international actors to nullify the effectiveness of sanctions will not bear fruit nor succeed in alleviating the impact of sanctions and improving living conditions and reducing protests because economic diplomacy can be beneficial but only in the long term. However, the country's crises require immediate and rapid solutions, which can only be achieved by lifting the sanctions.

Prioritizing the Regional Sphere

Pezeshkian prioritizes openness to the world, as evidenced by his debates, starting with regional countries as a prelude to global openness. Pezeshkian's aim to strengthen relations with the Gulf and Arab states aligns with Raisi's approach. However, his campaign statements also reflected the possibility of following in Rouhani's steps in opening up to the West concurrently with the regional sphere. Although he mentioned the [opposition](#) to the nuclear deal by the United States, Saudi Arabia and Israel in the first debate of the second round,

he also expressed displeasure with those who had set fire to Saudi diplomatic missions years ago during [Jalili's](#) campaign. This reflects that the agreement between Riyadh and Tehran remains a priority for Pezeshkian.

The Return of the Debate on Diplomacy Versus External Militarization

The coordination between the Foreign Ministry and the IRGC was largely evident in the implementation of Iranian foreign policy in its vital areas in general and its spheres of influence in particular during Raisi's tenure. However, with the victory of Pezeshkian, the revival of the clash between the Foreign Ministry and the IRGC is expected, repeating the scenario of the Rouhani-Zarif period which was previously exposed in a leaked audio recording in which Zarif mentioned the destabilizing interventions of the IRGC in the execution of Iran's foreign policy.

The Challenges Facing the New Iranian President

The new Iranian president faces many intertwined political and economic challenges both at home and abroad. He must balance the political and economic dimensions that are priorities for Iranians, such as:

Political and Security Challenges

Pezeshkian takes over the presidency in Iran amid complex internal and external circumstances that have created many challenges for the country. He will have to formulate approaches that reconcile his "reformist" orientations with the "conservative" forces dominating state institutions. At the same time, he must make concessions that lead to solutions, especially with regard to contentious issues with the West or at least de-escalate the situation between Iran and the West. This is important as Iranian positions may also clash with political leaders who strongly oppose Iran's policies, especially if the US presidential elections in November lead to a Trump victory.

Domestic Challenges

The various challenges that Pezeshkian is likely to face during his presidency will largely emanate from the duality of the state and the revolution. This is due to the fact that the “reformist” current he belongs to represents the state’s orientations at various levels, while the “conservative” current entrenches itself behind the institutions of the revolution, foremost among these is the Office of the Supreme Leader and the IRGC, which enabled it to dominate the Parliament. The main challenges can be summarized as follows:

Clash With the Supreme Leader

It goes without saying that the supreme leader dominates all state institutions constitutionally and practically, as opposed to the limited powers of the president. However, this does not deny the president’s ability to move within the overlapping area between him and the supreme leader and to make decisions that align with his vision for issues that may conflict with the supreme leader. Disputes between the supreme leader and the president usually occur regardless of the latter’s background, whether “reformist” like Khatami, “conservative” like Ahmadinejad, or “moderate” like Rouhani.

These disputes may remain limited within closed circles or may develop into a direct confrontation manifested through the conflicting positions of different state institutions, especially at the level of the Ministry of Foreign Affairs or the military institutions, specifically the IRGC. Former Foreign Minister Mohammad Javad Zarif may be the first test of this relationship if he is assigned any political role. On the other hand, the arrangements for the succession of the supreme leader continue and may be one of the reasons for the dispute if Pezeshkian obstructs them, as he will enter into a confrontation with the Supreme Leader’s Office and the influential forces associated with it, such as his son Mujtaba and the IRGC.

The Parliament Obstructing the President’s Work

The absence of parliamentary support for the president will be among the most significant challenges the new president will face. According to the Iranian Constitution, Pezeshkian will need the Parliament’s confidence in his government’s ministers, who will also be threatened

with a vote of no confidence, including the president himself. Any new agreement must pass through the Parliament for ratification. Given the “conservatives” dominance over the Parliament, it will undoubtedly be extremely difficult. It is worth mentioning in this context that the Parliament may be one of the tools of the supreme leader to tame the new president. The extent of the clash between the presidency and the Parliament depends on the president’s relationship with the supreme leader. In case of tension between the two, this will be an additional incentive for the “conservative” Parliament to intensify its attack on the president and disrupt his program. In contrast, relative alignment would push the Parliament to limit its criticisms in response to the direct or indirect directives of the supreme leader.

The External Roles of the IRGC

The external activities of the IRGC may be one of the most significant challenges facing the new president. Based on the previous experiences of the “reformists” in power, there was competition in making foreign policy decisions between the Ministry of Foreign Affairs and the IRGC. The latter often operates independently of the ministry, based on the authority granted to it by the supreme leader. The issue of attacks on US military bases in Iraq in response to the assassination of former Quds Force Commander Qassem Soleimani who was killed in early January 2020 and which the IRGC informed the Americans about through the Iraqi Prime Minister without the knowledge of the Iranian presidency and Foreign Ministry, reflects the turmoil in the relationship between the two sides. Tensions are likely to resurface as a result of the entrenchment of the duality of governance in Iran and the dominance of the revolutionary forces over state apparatuses.

External Challenges

Trump’s Return to the US Administration

Many estimates indicate an increasing chance of former US President Donald Trump returning to the US administration, especially after the weak performance of current President Joe Biden in the first presidential debate. Voices within the Democratic Party are escalating, calling for his withdrawal and the nomination of an alternative

candidate. If Trump succeeds, his potential confrontational choices with Iran, such as increasing demands to return to the nuclear deal or preferring military confrontation in managing regional disputes with Iran, would undoubtedly hinder the efforts of Pezeshkian, ultimately governed by the ceiling set by the supreme leader's policies.

The Possibility of the Gaza War Evolving into a Regional Confrontation

The eight months of the Israeli war on Gaza, which included a direct confrontation between Iran and Israel, have proven that Tehran has no desire to escalate with Israel. However, this scenario remains possible amidst the ongoing battles in Gaza and the increasing Israeli escalation toward Lebanon. If such a reaction occurs, likely in response to Israeli escalation, the new president would lose any capacity to embody his openness program toward the West, and it would also enhance the roles of the IRGC and the "conservative" current within Iranian state institutions and society.

Complications in the Iranian Nuclear and Missile File

Pezeshkian is aware of the complexities facing the nuclear and ballistic files, which have increased in recent years with Iran raising its enrichment levels and its strained relationship with the International Atomic Energy Agency. The European escalation on these files due to Iranian support for Russia has created a wide gap between Western demands and Iranian interests, signaling a need for real guarantees to ensure adherence to any new agreement. The new president will have to resolve this complex equation, which requires more time, while Iran urgently needs sanctions to be lifted.

Economic and Social Challenges

The victory of the new president has renewed hope for a wide segment of Iranians facing many economic challenges that have accumulated over the years. The public is placing their hopes on the reformist president to address critical issues such as revitalizing the nuclear deal, lifting economic sanctions, and reopening Iran's markets to trade and investment, and improving the economic conditions and quality of life. There is no doubt about the difficulty of this task for Pezeshkian,

considering the economic situation inherited from President Raisi's tenure.

Internal Challenges

Among the most prominent economic challenges are those related to reducing inflation, improving economic growth, stabilizing the national currency value and improving exchange rates. This is in addition to important issues such as oil exports, subsidies and combating corruption and poverty. Economic growth has either suffered from stagnation, contraction, or limited growth during the past six years, and even when it reached 5.7% last year according to official data, it came after years of recession and contraction. Therefore, the recent growth did not compensate for the lag in the gross domestic product and its regression over the past years, along with the individual's share of the output and the lost welfare of society, as it relied by 22% on an increase in oil production.

Despite electoral promises, the previous government failed to achieve the goal of creating a million job opportunities per year or reducing inflation to a single digit or even by half. Inflation soared two years ago, exceeding 50% and breaking new records for inflation since the revolution. Even with the recent decline in inflation to levels around 35%, it is still far from the targeted 20%. Alongside the rise in liquidity growth in Iran to rates of 40% on average per year, the sensitive decision to lift the dollar subsidy on vital products (wheat, milk, eggs, poultry and oil) in May 2022 played a significant role in fueling inflation and reducing the purchasing power of citizens in the last two years. Naturally, the levels of those falling below the poverty line increased to include at least two-thirds of the Iranian society in some local estimates.

As for the Iranian currency, it has been witnessing a significant decline against foreign currencies for the past three years, with the price of the dollar increasing by 160% in the last 34 months. The devaluation of the currency remains one of the most important factors contributing to inflation currently and in the future and this is closely linked to the continuation of US sanctions. Meanwhile, Iran's oil exports, the main driver of economic growth, have improved, rising

to a daily export rate that exceeded the barrier of 1.4 million barrels, compared to less than 500,000 barrels per day at the end of Rouhani's term. However, they still remain below the pre-sanctions export levels which exceeded 2.3 million barrels per day.

In addition, there are further economic challenges that the new president will face, which are no less significant than those mentioned above, such as: combating corruption, and an unsuitable business environment for both local and foreign investments due to the overarching influence of the religious establishment and the IRGC over the economy. There is also the budget deficit and the rise in domestic government debt, power outages due to a shortage of local gas supplies and a housing shortage crisis with soaring prices.

External Challenges

The major economic and political challenges include the lifting of sanctions on the Iranian economy, joining the FATF to combat money laundering and terrorist financing and improving the country's diplomatic relations with its neighbors and the international community. These are certainly challenges that will face President Pezeshkian, who believes that lifting sanctions on Iran and accepting the FATF recommendations are necessary for economic development. He also sees it as essential to develop peaceful relations with the world, in addition to supporting internal "reformist" goals such as limiting the intervention of the government and military institutions in the economy, ensuring internet freedom, along with the need to address corruption, establish social justice, and create incentives for the development of deprived and border areas. These targets will undoubtedly reap an economic and social return — if they can ever be realized.

Conclusion

With Pezeshkian's victory, Iran will overcome the sudden transitional phase resulting from the death of President Raisi, marking a resurgence of the "reformist" current, bolstered by Pezeshkian's win in the second round of elections. These elections were a test for the Iranian establishment and its legitimacy through measuring the participation rate, which recorded the weakest in Iran's electoral history.

Faced with these results, the ruling establishment stands at a crossroads: it may either pursue a path of openness, fostering competition between “reformist” and “conservative” factions — a move that could challenge the supreme leader’s capacity to wield unchallenged authority and potentially reshape the political system — or it could revert to exclusionary tactics, risking the ruling elite’s legitimacy and inciting civil unrest.

Pezeshkian’s inauguration as a “reformist” and technocrat with a solid parliamentary record suggests the dawn of a new chapter. His presidency might be characterized by a delicate equilibrium, seeking to appease both the supreme leader and “conservative” elements while navigating issues of national interest amidst the complex socio-political challenges that Iran faces.



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