



Spotlight on Iran



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Media discourse continues on possibility of negotiations with the United States

Despite official denials from Iran and the United States, reports on direct talks allegedly held between the two countries are continuing to draw reactions from the Iranian media.

Last Thursday, October 25, the reformist website Kalemeh reported that Ali-Akbar Velayati, the Supreme Leader's advisor on international affairs, had recently held a secret visit to the United States with Hossein Ta'eb, the head of the Revolutionary Guards Intelligence Organization, with the purpose of promoting the launch of direct negotiations between Tehran and Washington.

In a commentary article published by Kalemeh on the issue, the website criticized the secrecy surrounding the alleged contacts with the administration of the United States, and demanded that the authorities provide the people of Iran with explanations about Velayati's visit, which according to Kalemeh proves that the Supreme Leader is directly

involved in this highly important issue. Every Iranian citizen, regardless of his or her political views, would like to see the country come out of the crisis in which it has found itself, the website said. Every Iranian citizen who heard Khamenei just two weeks ago talking about the need to continue standing up to the West cannot help but wonder and experience mistrust over the reports on Velayati's visit to the United States. It is inappropriate for the authorities to lie to the Iranian people about it and keep the truth from them.

The reformist website warned that holding secret talks with the United States without the knowledge of the public may put Iran's national interests at risk and lead the country to concede some of its national interests. The public should be made aware of the talks being held with the United States, even if some segments of the public view them as a concession by the regime. Providing the people with information on the issue may help the government mobilize the support of experts and revolution supporters to better handle the current crisis.

The website took issue with the fact that the issue of negotiations with the United States is only dealt with by the American media. By holding the talks in secret and hiding them, the authorities put Iran's fate into the hands of the candidates in the United States presidential election. Every decision that has to do with Iran needs to be made in Tehran, not in Washington. The Iranian history is full of examples where Iran's fate was sealed by foreigners while its own citizens were robbed of their power to influence their fate. Taking advantage of the Iranians' support for negotiations with the United States may improve Iran's position in possible negotiations with the United States, and it is an issue that deserves to come up in the presidential elections of Iran as well, and not just the presidential elections of the United States.

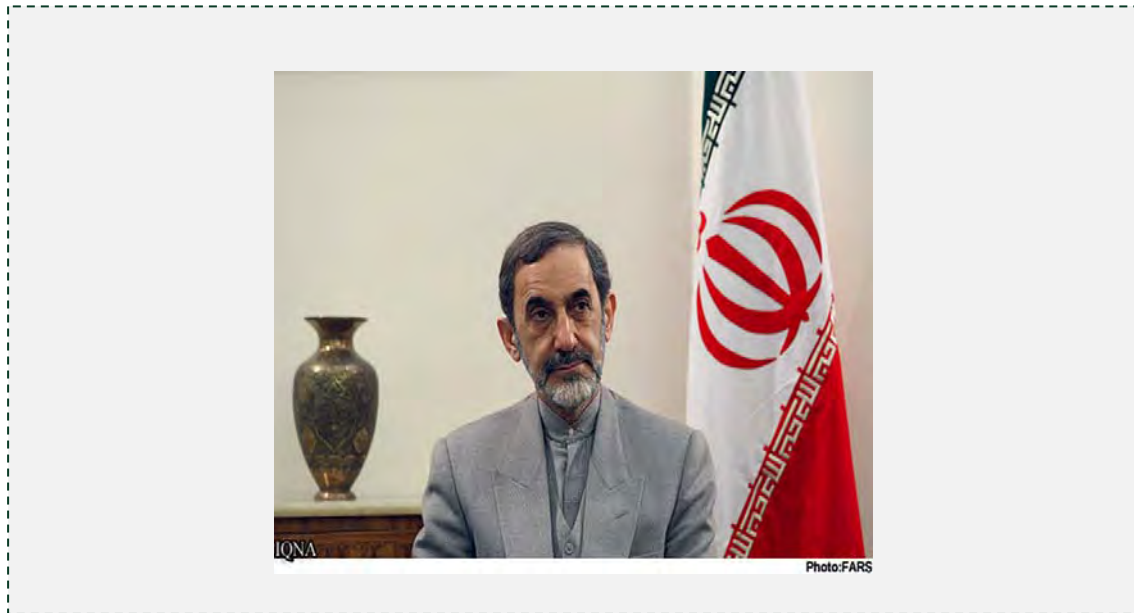
The website also criticized Hossein Ta'eb's alleged participation in the talks in the United States. Ta'eb is a defense and intelligence personality who is on the list of people denied entry to the United States. The question is, then, why was it necessary for him to take part in the visit, and would it not have been better to entrust the political mission to someone from the Foreign Ministry or to a well-known Iranian figure on the international scene, rather than to a person from the defense and military establishment?

If the leaders of Iran are truly interested in holding negotiations and moving in the direction of resolving the conflict with the United States, they must first reach an

internal agreement in Iran, Kalemeh said. Widening the internal rift in the government is not beneficial for Iran's interests in possible negotiations with the United States. Creating internal trust and national unity through internal dialogue is a necessary precondition for the success of future negotiations. Before the leaders of Iran take any action to solve their problems with the people of Washington, they must solve the problems they have with the people of Tehran. The website noted that the leaders of Iran need to make the Majles part of the decision-making process in the area of foreign policy, as was once done by Ayatollah Khomeini, the founder of the Islamic revolution, when he brought the Majles into the decision to release the American hostages.

The fate of Iran is more important than personal matters, the website concluded, and suggested adopting a proposal made two years ago by reformist opposition leader Mir-Hossein Mousavi, who had called on the authorities to inform the public, expand the circle of advisors, and hold a referendum on the major issues facing the country to better handle the escalating international pressure on Iran (Kalemeh, October 25).

Following the Kalemeh report, which Velayati denied this weekend and referred to as being "false", Baztab, a website affiliated with the pragmatic wing of the conservative camp, expressed doubts about the reliability of the report on Velayati's visit to the United States. According to the website, even if there actually were talks between the two countries, they were not held by Velayati or Ta'eb, and did not take place in the United States. It is unlikely, the website argued, that Iran would agree to hold negotiations with Washington in the United States instead of a third country, like Qatar, Oman, Iraq, or Turkey. It is also unlikely that the task of holding the negotiations would be entrusted to such a political personality as Velayati, who may run in the forthcoming elections for the president of Iran. Ta'eb's presence at the talks is also implausible, since his name is on the list of people who are denied entry to the United States due to his role in the Revolutionary Guards. There is a difference between negotiations and talks that may lead up to negotiations, Baztab said. It cannot be ruled out that such talks did take place, but not in the format reported by Kalemeh, and especially not when the current American administration is about to end its term (Baztab, October 25).



Ali-Akbar Velayati

Meanwhile, the media discourse on possible negotiations between the United States and Iran continues. Last week the Iranian Diplomacy website published an article written by international commentator Dr. Davoud Hermidas-Bavand, who expressed support for negotiations with Washington and said they may help resolve the differences of opinion between the two countries and reduce the threat of a military confrontation.

As long as the problems between the two countries remain unsolved, there will not be a way out of the crisis faced by the Iranian foreign policy, the political commentator speculated, and as long as the hostility with the United States continues, Iran will have to continue granting concessions to other powers, such as Russia and China. The unilateral sanctions imposed by the United States have caused massive damage to the economy of Iran, and the military threats from Israel and the West have made the threat of war more imminent. Under these conditions, negotiations can have a positive effect and lessen the level of insecurity.

The commentator estimated that the release of the report on talks between the two countries may be biased, its purpose being to influence the presidential election campaign in the United States. He said that, in the past, Iran had already taken measures intended to influence election campaigns, such as its actions in the American hostage crisis which led to President Jimmy Carter's defeat in the 1980 U.S. presidential elections, and its activity to release the French hostages in Lebanon in the 1980s on the eve of the presidential elections in France.

However, Dr. Hermidas-Bavand questioned the feasibility of moving towards serious negotiations with the United States, arguing that one of the main issues standing in the way of successful negotiations between the two countries is the internal differences of opinion in the Iranian leadership about such negotiations. An internal agreement in Iran on the need to achieve an understanding with the United States is a highly important condition for holding negotiations between the two countries, and as long as all the factions and decision-making bodies in Tehran have not reached strategic unity on this issue, there is no way to move forward and succeed in the negotiations (Iranian Diplomacy, October 23).

The reformist daily E'temad, too, expressed its support for negotiations with the United States. An editorial published by the daily last week said that, even though the two countries had denied the report on direct talks with each other, it cannot be ignored that President Obama himself, during the debate with Mitt Romney, had stressed the need for holding direct talks with Iran.

The daily argued that Iran needs to think of more influential ways than the talks with the G5+1 countries to solve the nuclear problem, lift the sanctions, and improve its economy. Negotiating with the United States may help Iran in that respect. If Iran will be able to reach an agreement with Washington, it will be a victory for both sides, which need such an agreement. Iran will be able to claim that the world powers were forced to admit that their policy failed, while the United States will be able to claim that it managed to bring Iran to the negotiating table.

According to E'temad, Iran has many cards which it can use to its advantage in possible negotiations with the United States. It has good relations with Iraq, is an important player in Afghanistan, and enjoys a great deal of influence in the Persian Gulf. In addition, it is considered an ally of Syria, and the key player in Lebanon (i.e., Hezbollah) is also an ally of Tehran. All of these elements can help establish a kind of strategic bond that will serve the interests of both countries. Instead of focusing on the points of contention between Iran and the United States, a look into their mutual interests is in order. It is perfectly clear that Russia is no friend of Iran and is not a partner to rely on. Iran needs an alternative in international relations, and both Tehran and Washington need to put their national interests above domestic political considerations (E'temad, October 24).

On the other hand, the conservative daily Hemayat ruled out the need for negotiating with the United States, rejecting the argument that the United States is an influential element with regard to the nuclear program and that it is imperative to negotiate with it directly to resolve the nuclear issue.

An article authored by the conservative Majles member Mohammad Saleh Jowkar said that negotiating with a country that does not hesitate to use nuclear weapons and supports countries that do not comply with international law on nuclear energy will not lead to the desired results. Furthermore, to directly negotiate with the United States is to accept the idea that the United States calls the shots for the whole world, and Iran shouldn't therefore focus on negotiating with it (Hemayat, October 23).

In addition, on Monday, October 29, several news websites affiliated with the right wing of the conservative bloc published a commentary article titled "The Supreme Leader's conditions for negotiations with the United States". The article claims that conditions are still not ripe for a change in Iran's position, which opposes negotiations with the United States because the preconditions set by the Supreme Leader for launching such negotiations have yet to be met.

The desire of the United States to launch negotiations with the United States is nothing new, the article said, but past experience has shown that it cannot be trusted, and that the differences of opinion between the two countries are fundamental and have to do with the very nature of Iran as an Islamic country. Iran has set several preconditions for launching negotiations with the United States: a change in its domination-oriented policy, an American recognition of Iran's refusal to negotiate its religious and revolutionary values, and an understanding by the United States that it has no right to force its views on Iran. The United States has not fulfilled these conditions, and Iran therefore cannot be expected to change its stance towards the United States (www.didban.ir, October 29).



Meanwhile, the chairman of the Majles National Security and Foreign Policy Committee dismissed the reports on direct talks between the United States and Iran. In an interview given to ISNA News Agency, Alaeddin Boroujerdi said that bringing up the issue by the United States administration is an election propaganda trick intended to improve President Obama's political standing ahead of the presidential elections. According to Boroujerdi, Obama is using every means he has to mobilize the support of the American voter public for the coming elections (ISNA, October 26).

Strategic Studies Center report: what did the government do with its immense oil revenues?

The Strategic Studies Center at the Expediency Discernment Council (headed by Ali-Akbar Hashemi Rafsanjani) recently published a critical report on the economic conduct of Ahmadinejad's government in the past seven years. The report states that Iran's oil revenues in the past seven years have reached an unprecedented 531 billion dollars, nearly half of the total oil revenues in the country since the production of oil started in the early 20th century. The report found that, instead of investing the money in infrastructure projects that could have helped Iran's economic development, the government used most of its oil revenues to import consumer products and cover its regular expenses.

The authors of the report are Akbar Torkan, the former deputy petroleum minister during Ahmadinejad's first government, and Hamed Farnam, an expert on energy. According to the figures given in the report, Iran's oil revenues from the time oil was first discovered and produced in the early 20th century until the end of last year

reached 1,116 billion dollars. Until the Islamic revolution of 1979, the oil revenues reached 139 billion dollars, mostly thanks to the increase in oil prices that took place in 1973. Between the Islamic revolution and 2005 the oil revenues reached 445 billion dollars. The report indicates that 70 to 80 percent of Iran's foreign currency revenues over the years come from oil exports.

Iran's oil revenues (in billions of dollars)

From the beginning of oil production until 1973	26.818
From 1973 until the Islamic revolution (1979)	112.719
From 1979 to 1981	35.806
Mir-Hossein Mousavi's government (1981-1988)	110.686
Hashemi Rafsanjani's government (1988-1997)	141.703
Mohammad Khatami's government (1997-2005)	157.277
Ahmadinejad's government (2005-2012)	531.772
Total	1116.891

The authors of the report argue that, since oil is a major national resource, it cannot be used for the government's regular expenses and the import of consumer products, but rather for promoting long-term infrastructure projects and importing capital goods intended for the manufacture of other products. According to the report, during its seven-year term Ahmadinejad's government transferred some 484 billion dollars (a significant portion of its oil revenues) for importing consumer products. The import of capital goods dropped from 22.4 percent of total imports in 2005 to 14.36 percent in 2012.

Foreign currency expenditures (in billions of dollars) for the import of goods and services over the past seven years

Year	Import of goods	Import of services	Total
2005-2006	39.2	9.8	49.1
2006-2007	41.7	11.9	53.6
2007-2008	48.4	15.4	63.8
2008-2009	56.0	17.9	73.9

2009-2010	55.3	17.8	73.1
2010-2011	64.4	22.0	86.5
2011-2012	61.8	22.0	83.8
Total	367	94.8	483.8

Imports by category (in percent)

Year	Consumer products and intermediate goods	Capital goods
2005-2006	77.6	22.4
2006-2007	82.31	17.69
2007-2008	83.57	16.43
2008-2009	82.63	17.37
2009-2010	84.12	15.88
2010-2011	85.28	14.72
2011-2012	85.63	14.36
Total	82.98	16.81

According to the authors of the report, if the government had invested its enormous oil revenues to promote infrastructure projects, it would have helped bolster employment and increase the rate of economic growth. The authors of the report say that the policy pursued by Ahmadinejad's government is in contradiction with the principles outlined by Supreme Leader Ali Khamenei as part of the multi-year economic program on the use of national oil revenues. According to these principles, the government was supposed to deposit at least 20 percent of its revenues from oil and gas exports into the national development fund. The money would then be used to encourage the various sectors of Iran's economy to take part in economic development programs. Also under the multi-year development program, it was the Supreme Leader's order to put an end to the dependence of Iran's regular state budget on oil and gas revenues by increasing government revenues from other sources and cutting its regular expenses.

The Supreme Leader also ruled that funds coming from the country's oil revenues had to be invested in the development of oil and gas infrastructures. These objectives have not been met by the government.

The government has not increased its revenues by raising the taxes, and tax revenue has even dropped from 7.3 percent of Iran's Gross Domestic Product (GDP) in 2005 to 6.6 percent in 2012. According to the data given in the report, this is considerably lower than the tax revenue as percentage of GDP commonly seen in the world's developed countries. According to the authors of the report, the low tax revenue is the result of widespread tax exemption in Iran. Figures released by the Iranian tax authorities show that about 40 percent of the country's economic activity is either exempt from tax or characterized by tax evasion. The authors of the report find that the government needs to increase its tax revenue to at least 15 percent of GDP.

Not only has the government failed to meet the objective of increasing state revenues from sources that do not depend on oil and gas exports, it has also been unable to realize the objective of cutting its regular expenses. The authors of the report say that the dependence of the government's regular budget on oil revenues needs to stop, and that the way to do so is to separate the regular budget from the budget earmarked for long-term development projects. The task of drawing up the regular budget has to be assigned to the Ministry of Economy and be based mostly on collecting taxes, while responsibility for formulating the development budget based on state oil revenues has to be handed over to the Planning and Budget Organization, which was disbanded several years ago. The report recommends that, until the government budget is brought into balance by reducing the government's expenses and increasing its tax revenue, a limited sum from Iran's oil revenues should be transferred to the Ministry of Economy for a predetermined number of years to be used for the regular budget.

The authors of the report also suggest using the oil revenues to develop Iran's oil and gas industries to guarantee the production of oil in years to come. They note, however, that the development of the oil industry in the country is made difficult by the current sanctions. The full report is available at <http://news.khabaronline.ir/Images/News/Editor/file/naft.pdf>.

Meanwhile, the Khabar On-line website reported this week that the Iranian Center for Statistics released up-to-date figures on the budget deficit of an average Iranian family. According to the figures, the budget deficit of an average urban family dropped by 68

percent from 752 thousand tomans in 1389 (2010-2011) to 241 thousand tomans in 1390 (2011-2012). The budget deficit of an average rural family dropped by 54 percent from 914 thousand tomans to 424 thousand tomans.

In 1390 the average income rose by 57,800 tomans for an urban resident, and by 45,923 tomans for a rural resident. According to these figures, the increase in the income of a rural family is solely the result of the cash benefits paid under the subsidy policy reform. The cash benefits also accounted for a significant 78 percent of the increase in the income of an urban family. The website stressed that, since the increase in the monthly income does not stem from economic growth but rather from the cash benefits, these figures should not be considered a positive development. While the budget deficit of an average family did decrease, this does not signify that the economic situation of the Iranian people has improved. The website states that, even though a decrease in the budget deficit of families is in itself positive, it may be problematic and subject to change as long as it does not result from economic growth and increase in productivity (Khabar On-line, October 27).

Data on the budget of Iranian families in 1388-1390 (from Khabar On-line)
Urban family

Year	1388	1389	1390	Change from 1389 to 1390
Income	9,919,133	11,367,750	13,271,610	17%
Expenses	9,360,283	10,615,597	13,030,145	23%
Budget deficit	558,850	752,153	241,465	-68%

Rural family

Year	1388	1389	1390	Change from 1389 to 1390
Income	5,926,358	6,847,723	8,397,309	23%
Expenses	5,243,760	5,933,688	7,972,693	34%
Budget deficit	682,598	914,035	424,614	-54%

Alternative to visiting Evin prison: fourteen places the president needs to visit

President Ahmadinejad has recently asked the judiciary for authorization to visit the Evin prison in Tehran, where his press advisor Ali-Akbar Javanfekr is serving a sentence. The judiciary refused to authorize the visit, which led to a clash between the president and Sadeq Larijani, chief of the judiciary.

In the wake of the president's demand to visit Evin, this week, October 27, Asr-e Iran and Aftab News, two news websites affiliated with the president's critics in the conservative camp, published an article written by the journalist Ja'far Mohammadi, titled "Suggestions for 14 places that the president can visit".

In the article, Mohammadi offered the president, who had said he would like to visit Evin to get a first-hand impression of the way civilians' rights are respected, 14 alternative places to visit. Visiting these places does not require anyone's authorization, the article said, and they, too, will provide the president with an opportunity to get an impression of the way the rights of his fellow countrymen are respected.

1. The Tehran bazaar. Here the president will get an impression of the price increases, which affects the livelihood of the people. The author of the article said that the president should talk to the bazaar merchants to find out just how much prices have increased this past year, and see the sharp price increases and their effect on the Iranian people's ability to make a living in the current conditions.

2. The Tehran foreign currency market. On his way back from the bazaar, the president can stop by the foreign currency market for several minutes to see what his government has done to the value of the national currency.

3. The Foreign Currency Transaction Center (established not long ago, it offers foreign currency to traders at favorable rates). Here the president will be able to get an impression of the severe foreign currency shortage facing the traders, and which was the cause for the price increases.

4. A real estate center somewhere in Iran: there is no doubt that the president, who is concerned about the fundamental rights of the people, is well aware that owning an

apartment is one of the rights of every Iranian citizen. The economic conduct of his government has made millions of Iranians unable to purchase an apartment. By visiting a center where real estate transactions are performed, the president will be able to get an impression of how much an apartment used to cost during his first year in office, and how much it costs today.

5. A hospital somewhere in Iran. By visiting a hospital, the president will see the heavy expenses Iranians need to pay for simple medical treatment, and the significant sums of money they are required to pay under the table and above the table. He will also get an impression of the disasters taking place in the field of medical care in Iran.

6. The Population Registry Organization. Here the president will see that the divorce rate has gone up by 6 percent and the marriage rate has gone down by 5 percent in the first half of the current year. Perhaps he will ask himself “why?” and realize that the answer has largely to do with the conduct of his government.

7. An internet café in Tehran’s Vali Asr square. If the president would like to check his e-mail or access his website, he can take several minutes to visit an internet café and try to go online to understand the suffering of millions of Iranian web surfers who want to surf the internet.

8. The Behesht Zahra cemetery in southern Tehran. Here the president can pay his respects to the dead and check the death records to see how many thousands of Iranians die every year from air pollution and how the government has failed in dealing with the phenomenon.

9. The Tehran traffic police center. Here the president can look into the most secret data on one of the main causes of death in Iran. While visiting the center, the president will be told about two of the most important factors responsible for traffic accidents in the country: low-quality cars and dangerous roads. Perhaps once the visit ends, the president will decide to issue an order to stop the manufacture of dangerous cars in Iran and allocate funds for improving the road infrastructure.

10. A night visit to the edges of Tehran’s roads and under some of the city’s bridges will provide the president with some insights on expressions of moral corruption that are impossible to hide: many women selling their bodies, as well as drug addicts and homeless people wandering about in the streets, neighborhoods, and public parks.



11. A visit to a number of industrial zones in the country will allow the president to get an impression of the difficulties faced by factories, which have been forced to lay off about half of their employees or shut down.

12. A visit to factories or projects whose employees have not been paid in many months, both in the private and the government sector. During these visits, the president should talk to workers who have been working for months without salaries, and ask them how they were able to put food on the table during these months and how long they can survive by taking loans or selling their belongings.

13. The agency: not the International Atomic Energy Agency, but the taxi agencies. Here the president will be able to see how merchants, industry employees, and laborers who have gone bankrupt as a result of government policy have been forced to work as taxi drivers in recent years. He will also have the opportunity to spend several hours riding with the taxi drivers and hear taxi cab conversations on economy, politics, and the government. During these conversations he will hear things he does not hear at government meetings or official ceremonies.

14. The neighborhood grocery. After the visits mentioned earlier, the president should visit his neighborhood grocery to see that even there the prices are expensive and the situation is similar (a cynical reference to the president's statement that his local grocery is cheap).

Legal fight escalates against anti-regime activity on Facebook

Mehdi Bakhshi, the prosecutor general in the city of Sirjan, Kerman Province, reported this week that four citizens had recently been arrested by the Ministry of Intelligence on charges of incitement against the regime and posting offensive material against top regime officials on the Facebook social network. The prosecutor general added that the judiciary works not only against online anti-regime incitement and publication of offensive content against regime officials, and that the publication of photographs showing unveiled women in cyberspace and in social networks is also defined as a crime.

The reformist website Jaras reported that the four Iranians arrested for their activity on Facebook are Abdolreza Mahmudabadi, the editor-in-chief of the Sirjan-based weekly Yasargad; Hossein Etminan, a journalist working for the weekly; Ali Hajj Mohammadi, also a journalist for the weekly; and his wife, Farzaneh Heydarnia (Jaras, October 25).

In addition, Iraj Mohammad Khani, the cyber police chief in Gilan Province, warned this week that young people and students need to make sure they abide by moral values when surfing the internet. Speaking at a conference held in the city of Rasht, Mohammad Khani said that young people need to avoid crossing “moral red lines” in the virtual environment. He further added that social networks are an online threat, and that Facebook is considered one of the most prominent manifestations of the “soft war” waged by the enemies of Iran. He warned that activity in social networks and the exposure of information in such networks may be exploited for committing computer crimes. He reported that, during the first half of the current Iranian year (which started in March 2012), the cyber police in Gilan had taken action against 491 illegal websites in the province (Fars, October 26).



Opposition to Facebook at a military parade in the city of Esfahan
 (http://www.mborjian.com/2012/04/blog-post_18.html)

In recent years Iranian top officials have on several occasions warned against the use of the Facebook network and its consequences. Nevertheless, Supreme Leader Ali Khamenei ruled last year that the use of Facebook is not strictly forbidden. When asked to comment on the issue from the standpoint of Islamic law, the Supreme Leader said there is nothing to prohibit the use of Facebook as long as it is not used for such improper ends as spreading moral corruption or publishing lies and content that may encourage sinful behavior or encourage the enemies of Islam.

After the ruling was issued, the Supreme Leader was asked to clarify whether it is permissible to visit the Facebook website for the sole purpose of interacting with friends, without performing any activities that may undermine Iran's national interests, given the fact that the website is blocked by the authorities. The Supreme Leader's reply was that his ruling was one of principle and is not a statement of opinion on the terms of use of Facebook. Khamenei noted that social networks are essentially tools for gathering information that may strengthen the enemies of Islam. He argued, however, that his ruling neither flatly prohibits nor authorizes the use of Facebook, representing instead a "middle-ground approach" where the use is not completely prohibited nor permitted under Islamic religious law (www.598.ir, October 8, 2011).

Pictures of the week: printing market recession in city of Qom

