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## **Elections in Iran**

*(Due to the Memorial Day holiday, the next report will be published June 10<sup>th</sup>.)*

Iran's Guardian Council, the government body that certifies candidates for elections, published its list of candidates last week. Although over 800 Iranians applied to run for president, the council approved a group of eight. The applications of two prominent Iranians were rejected. Former president Akbar Hashemi Rafsanjani and Esfandiar Rahim-Hashaei, a close confidant of President Ahmadinejad, failed to make the list.

The last presidential election, which was held in 2009, re-elected Ahmadinejad. However, there were widespread claims of voter fraud, and civil unrest followed the vote. In something of a surprise, Ayatollah Khamenei, the spiritual head of Iran (and, in the convoluted government structure of Iran, the temporal leader as well), intervened to support Ahmadinejad. This strong support was seen as beneath the stature of a "supreme leader." It is a bit like an American president becoming deeply involved in a governor's election. Once Khamenei supported Ahmadinejad, opposition protestors became a target of repression. The protestors, called the "Green Movement," appeared to be part of the "Arab Spring" that was overthrowing governments throughout the region. The Iranian Republican Guard Corps (IRGC) and related bodies, on the blessing of Khamenei, resorted to violent repression to

prevent the Green Movement from threatening the government.

For the current election, it appears that Khamenei wants to avoid a repeat of the 2009 elections at all costs. And so, the ayatollah is taking a series of steps to prevent a reoccurrence of the last election. In this report, we will examine the structure of the Iranian government and the history of how this government structure has evolved. From there, an analysis of Khamenei's goals for the upcoming elections will be offered. As always, we will examine the ramifications of this situation on the financial and commodity markets.

### **The Islamic Iranian Republic**

The interaction of religious and political power has been fraught with difficulty throughout history, regardless of the broad religious denomination. Temporal power sometimes views spiritual power as a threat. At other times, secular powers try to co-opt religion to enhance its own power. In other periods, religion may be the only possible power than can offset secular authority. Throughout history, the interplay of these two forces has offered insights into the execution of power. From the Emperor Constantine making Christianity the state religion of the Roman empire to Thomas Becket's martyrdom at the hands of King Henry II to European colonizers using missionaries to justify conquering distant lands, the secular and the sacred have both cooperated and been in conflict.

The renowned Ayatollah Khomeini's vision of Islam and the state is part of this interplay. Islam has numerous

denominational factions, including Alawite and Sufi, but the two largest groups are Sunnis and Shiites.

The Sunnis are the largest, representing 75% to 90% of all Muslims. The schism between Shiites and Sunnis began in the early stages of Islam; the former believe that blood relatives of the Prophet Mohammad should lead Islam while the latter hold that the close disciples of Mohammad should play that role. Wars were fought over this issue and the Sunnis won.

Over the centuries, Sunni Islam has dominated Islam. In practice, Sunni Islam is consistent with elements of evangelical Protestant Christianity. Sunnis adhere tightly to the Koran, with various degrees of leaning toward literal interpretations. Although clerics exist, there is no hierarchy within the clerical class. Shrines, sacramental objects, veneration of saints, syncretism with pagan practices and religious art are generally forbidden with varying degrees of vigor, similar to Calvinism in Christianity. In contrast, Shiites are more similar to Catholics and mainstream Protestants in practice. For Shiites, there is a hierarchy of clerics (although it does not culminate with a “papacy”). There are veneration of saints and extremely physical manifestations of religious practice (whipping and cutting, for example) along with numerous religious holidays that likely originated as pagan events. Many Sunnis view Shiites as apostates; Shiites often view Sunnis as literalist zealots.

Given their numbers, Sunnis have tended to dominate Islamic nation governments. Although most governments with Islamic majorities were initially secular, mostly authoritarian nations as the Arab Spring has revealed, Sunni groups that were in

opposition have tended to be the most powerful politically. In the Arab Gulf states, Sunni is dominant. The only nation that was majority Shiite was Iran and the only other nation that had a dominant Shiite-leaning government was Syria. However, the latter is technically Alawite, which some consider an offshoot of Shiism; this sect is a minority in Syria. Sunnis are the majority. The Syrian government was technically secular, run by the socialist leaning Baathist Party, but tended to use sectarian fears to divide and conquer. The current regime collapse in Syria has been mostly along sectarian lines.

Because Shiites were minorities in most Islamic nations and considered as suspect Muslims, they tended to avoid political involvement. There were elements of *quietism*, which, in religious terms, focuses on a stoic lifestyle, where one focuses on individual piety. In addition, Shiism has developed a theology of a messianic being, known as the 12<sup>th</sup> imam named Muhammad al-Mahdi, who is said to be currently alive but not visible (a theology known as “Occultation,” or hidden) and will reveal himself at the end of time. In many areas, Shiites were a persecuted minority; to cope they tried to avoid overt political activity and awaited justice to be restored by the return of the 12<sup>th</sup> imam.

Iran was a monarchy, run by the Shah of Iran, Mohammad Reza Pahlavi, until 1979. The Shah had introduced Western social norms to Iran, undermining religious influence. When Khomeini and his supporters overthrew the Shah in 1979 during the Iranian Revolution, the Grand Ayatollah Khomeini introduced a new concept of government that is probably best described as a theocratic republic.

Khomeini built a concept known as *Velayat-e-faqih*, which roughly translates into “The Guardianship of the Jurist.” Initially conceived in the 10<sup>th</sup> century, this concept suggests that government should be guided by a pious cleric. The idea tended toward two forms. In the limited form, the guardian mostly focused on the sacred and moral issues but left the administration and defense of the state to secular powers. In the absolute form, the guardian had absolute power over all facets of the state. In most Shiite controlled areas, if *Velayat-e-faqih* was followed it was in the limited form. However, when Khomeini came to power, he implemented the absolute form.

This decision led to a convoluted power structure. Iran is technically a republic; there is a parallel power structure of elected officials who usually run the daily tasks of government. However, in Khomeini’s formulation, absolute authority resides with the guardian jurist; he can overrule any elected official and allegiance must be absolute. Interestingly enough, since the fall of the Shah, there have been 10 presidential elections; the next one will be the 11<sup>th</sup>. The first president was impeached and the second assassinated. However, from 1981 to 2009 power shifted smoothly. So, the process of elections continues even though the actual power of the presidency is not clearly defined.

Khomeini created a cultish following; it appears he viewed himself as either the 12<sup>th</sup> imam or his deputy. The state he created was clearly religious; however, he liberally borrowed from Marxist and Platonic themes in how he governed. He saw Iran as revolutionary and his government as a program for other nations to adopt. Other clerics of high rank opposed Khomeini; they believed he was introducing heterodox concepts to Shiism that bordered on heresy.

By force of personality, however, he silenced those critics.

The elected officials who governed while Khomeini was alive tended to follow the jurist’s plans. However, after Khomeini’s death in 1989, a lesser cleric, Ali Khamenei, was selected by the Assembly of Experts. Khamenei did not have the presence of power that Khomeini carried; essentially, the former has been trying to build a power base that his predecessor carried to office by the force of his personality.

In order to build his support network, Khamenei has relied on the military, especially the IRGC. Khomeini did not need the military’s backing due to his personal power. To quell the clergy, many of whom held the new “guardian” in low regard, Khamenei began to heavily subsidize the clerical establishment and the seminaries. By this funding, their independence was quelled.

Khamenei’s support has generally failed to sway the voting public. The first president to serve under Khamenei was the aforementioned Rafsanjani. The second was Muhammad Khatami, a reformist cleric. Khamenei had supported a more conservative candidate. Rafsanjani ran against the current president, Mahmoud Ahmadinejad, in 2005; the former believed this election was “stolen” from him but did not contest the outcome. Of course, in 2009, Ahmadinejad was re-elected amid widespread evidence of voter fraud. Khamenei strongly supported Ahmadinejad and, as noted above, aggressively attacked protestors tied to the Green Movement.

As noted above, Khamenei’s strong support of Ahmadinejad was considered offensive by some elements of the clergy, viewing it as sullyng the status of the office. And,

Khamenei hasn't benefited from supporting Ahmadinejad. The president has adopted anti-clerical positions and suggests he himself has direct contact with the 12<sup>th</sup> imam, a prerogative usually reserved for only high ranking clerics. Ahmadinejad's preferred candidate, Mashaei, has gone even further, calling for Iranian nationalism, downplaying the Shiite character of the current government. The animosity between Khamenei and Ahmadinejad has increased significantly over the past four years. Most likely, Khamenei will try to circumvent any power Ahmadinejad has once the election is over.

#### **Khamenei's Goals for this Election**

Iran's supreme leader has four goals for this election:

**Quell potential protests before they start**—Media reports from Iran indicate that the internet is “in a coma,” running abnormally slow. Although denied by the government, most Iranians view this as a deliberate ploy to reduce the internet's role in organizing protests. In addition, Iran is attempting to close all the Virtual Private Networks which allow a user to link to computers outside Iran. Over 600 journalists have been arrested. An official with the IRGC has indicated that the Obama administration's call for “free and fair elections” is code for American-sponsored sedition. There are reports of increased police presence in key cities. Khamenei is trying to prevent any protest movement from developing before the election.

**Create high voter turnout**—One of Khamenei's greatest fears is an election viewed as illegitimate. To create the aura of legitimacy, he needs a turnout of at least 60% and perhaps 65%. A low turnout will undermine the winner. To accomplish this goal, local elections are being held

simultaneously and Khamenei hopes that enough people will vote in the local elections (which tend to attract voters) and force them to vote for the president. We would not be surprised to see ballot box stuffing as well. The worst outcome would be pictures of empty polling places.

#### **Discourage unwelcome candidates**—

Khamenei's supporters have badgered some candidates from applying. Reports indicate that former president Khatami was considering running for president; he faced a barrage of negative comments from Khamenei-aligned clerics and decided to stay out of the race. Khamenei failed to prevent Rafsanjani and Moshaei from running and had to rely on the Guardian Council to disqualify them. Rafsanjani was removed from the list due to age, and Moshaei for deviant religious beliefs. The removal of Rafsanjani was an especially radical move, given that he was president already and has his own powerbase. Keeping him off the ballot shows how far Khamenei will go to prevent another 2009 and to have a compliant president.

**Create a slate of favored candidates**—The list of candidates was favorable to Khamenei. Those considered the most favorable are Ali Akbar Velayati, a top advisor to Khamenei, Mohammad Bagher Ghalibaf, the current mayor of Tehran and an ally of the Supreme Leader, Saeed Jalili, Iran's top nuclear negotiator and a loyalist, and Gholam Ali Haddad Adel, whose daughter is married to Khamenei's son. Hasan Rowhani, a former nuclear negotiator, is considered more neutral, as is Mohammad Gharazi, a former oil and telecommunications minister, who is considered a technocrat. The only opposition candidate is Mohammad Reza Aref. The removal of Rafsanjani deprived the business class of its preferred candidate

and Aref isn't considered strong enough to carry many votes.

Ultimately, Khamenei wants a quiet election and a compliant president. With this list of candidates, he will likely get his wish. The biggest risk he faces is a low turnout and that may be difficult to avoid. Simply put, none of these candidates will spur much enthusiasm and thus may not be considered a legitimate winner.

### **Ramifications**

The primary goal of Iranian governments since Khomeini has been to normalize relations with the U.S. and be recognized as the regional hegemon. The U.S. may be willing to normalize relations and, assuming a reasonable competing power exists, may even acquiesce to Iran's regional power status. If the U.S. is reasonably energy independent (perhaps has enough continental resources to rely less on the Middle East for oil), Iran may be allowed to fulfill this role. If Turkey, for example, is the countervailing power, the two could create their own power structure in the region and the U.S. could be the "over the horizon" power that only intervenes when an imbalance develops.

Polls suggest that normalizing relations with the U.S. would be popular with Iranians. And so, political figures in Iran want to achieve this goal. However, they also want to prevent rivals from achieving that goal. Since Khamenei hasn't been able to consolidate his power and faces rivals in the presidency, he hasn't moved to make peace

with the U.S. Nor has he allowed his presidents to do so, either; in fact, he exposes them to harsh criticism if they do.

It is quite possible that if Khamenei gets a sufficiently compliant candidate, he may try to open serious negotiations with the U.S. If so, it is in America's interest to break Assad's power in Syria to have Iran negotiate from a position of weakness. If Khamenei gets his wish next month, we will be watching closely to see if the U.S. moves to enhance its negotiating position.

The other item that bears monitoring is Israel's reaction. The Netanyahu government fears a U.S./Iranian détente that would isolate Israel. Given that President Obama doesn't face another election, he may be inclined to negotiate despite Israeli objections. If so, this could lead to unilateral military action by Israel against Iran.

Overall, the upcoming elections in Iran are important. If Khamenei can finally solidify his power in Iran, he may be willing to make a deal with the U.S. that America is in a position to accept. All this raises risks in the region that, if mishandled, could be very bullish for crude oil.

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