



EMERGING CHALLENGES January 2018

Iran Goes Hybrid – at What Cost?

A series of public protests occurred in various cities throughout Iran, beginning on 28 December 2017 and continuing into January 2018. The turmoil marks the most intense domestic challenge to the Iranian government since the 2009 Green Movement protests, but it differs from the latter both in causes and goals. Where the Green Movement originated in the opposition to former President Mahmoud Ahmadinejad, demanding the annulment of the “fraudulent” 2009 elections, today’s protests focussed initially on the economic policies of the new President, Hassan Rouhani. As the protests spread throughout the country, they expanded their scope to include political opposition to the Iranian theocratic regime. The demonstrations turned violent in some parts of the country, leading to bloody fights between demonstrators and security forces.

Protesters opposed cuts to fuel and cash subsidies outlined in the 2018 budget proposal, unveiled in mid-December, especially when it became clear that, in sharp contrast to the economic sacrifices demanded of the people, the government has dramatically expanded its military budget, which, under Rouhani has grown by nearly 65%: officially, \$9,29 billion in 2014, \$12,02 billion in 2015, \$14,5 billion in 2016 and \$15,9 billion in 2017 (unofficial numbers are likely much higher). Roughly a quarter of Iran’s total budget is transferred directly to the military, the single highest increase having been allocated to the Islamic Revolutionary Guards (IRG), which benefitted from an increase of approximately 55%, from \$4,52 billion in 2016 to \$7,01 billion in 2017. Nearly \$25 billions were allocated to various branches of Iran’s military and paramilitary groups, above all the *élite* Al-Quds Force, which was established to operate in foreign countries in order to advance Iran’s ideological, revolutionary and political interests.

Paramilitary organisations as proxies could contribute to a slow subversion and infiltration of state institutions while attempting to create a more local movement towards Iranian ideology. Therefore Teheran has significantly expanded the size and complexity of its proxies. This includes not only the growth of the primary groups such as Hezbollah, Badr Corps, and Asa’ib Ahl al-Haq, but also the establishment of new Shia militias from Iraq, Afghanistan, Pakistan, and Yemen, and the mobilization of Iraqi and Syrian civilians into such groups. Even more important, the IRG has advanced its proxies’

deployability, interoperability and capacity to conduct unconventional warfare and even cyber warfare. Such groups also provide a significant deterrent to Iran's enemies, instilling fear into both regional and Western powers of significant retaliation in the case of foreign intervention in Iran's sphere of influence, while giving the IRG a degree of plausible deniability for actions undertaken by its proxies.

The hybrid nature of Iran's strategy has undoubtedly increased Tehran's influence and its potential in foreign policy. Its growing military investments, favoured by sanctions relief (thanks to the nuclear deal) have apparently paid off. But Teheran's policy has created an "Iranophobia" among the Gulf Arabs, in part cementing Sunni state and non-state actors against it. Furthermore, Rouhani has, arguably, underestimated the domestic consequences of Iran's military buildup. As the recent protests show, an increasing number of Iranians are demanding that the government shifts its priorities towards addressing high unemployment, increasing poverty, a poor infrastructure, education and labour. In addition, Iran is also facing a low-level terrorist campaign from Iranian Sunni extremists, who now receive help from Tehran's enemies. Iran's gains might be unsustainable in the long run.

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