



Spotlight on Iran



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Highlights of the week

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- ✓ Iran gives up birth planning following Supreme Leader's statement
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Regime makes increasing use of Islamic narratives as economic crisis escalates

In recent weeks the Iranian regime has made increasing use of religious arguments and Islamic narratives as part of its efforts to mobilize public support in the escalating economic crisis and the tightening sanctions by the West.

In a speech given by the Supreme Leader at a conference of top regime officials held last week, July 24, Ali Khamenei compared the current situation in Iran to the situation faced by the Muslim community at the time of the battles of Badr, 623 A.D., and Khaybar, 629 A.D., fought by Prophet Muhammad in the early days of Islam. According to Khamenei, it was a situation fraught with threats and challenges, but it wasn't a dead end. He noted that, during the Battle of Badr, the Muslims had limited capabilities compared to the capabilities of their enemies, which were so much better that in some areas there could hardly be any comparison. Be that as it may, the Muslims were ultimately able to overcome their enemies. During the Battle of Khaybar, the Muslims once again faced tremendous difficulties and the enemy offered stubborn resistance, but the Muslims overcame them as well. The implication of the conditions that

prevailed at the time of the Badr and Khaybar battles is that the challenge is there but it can be surmounted, the Supreme Leader said. This is not the first time in recent months that Khamenei has compared Iran's current situation to the situation of the Muslim community during the Badr and Khaybar campaigns at the time of Prophet Muhammad. In a speech given by Khamenei during a convention held in the city of Qom on January 9, the Supreme Leader said that the conditions that currently prevail in Iran are the same conditions that prevailed in Badr and Khaybar, and that they are what makes it possible for the Iranian nation to see the signs of victory with their own eyes.



Khamenei at last week's conference of top regime officials

Khamenei went on to call for the adoption of an “economy of resistance” to contend with the economic sanctions imposed on Iran. Moderate consumption and avoidance of excess spending and extravagance constitute a “jihadist movement”, and that is the path which organizations and citizens need to follow. A person who consumes in moderation and avoids extravagance can proclaim himself to be a devotee of jihad, Khamenei said (the Supreme Leader's website, www.khamenei.ir, July 24).

Last week, Hojjat-ol-Eslam Mohammad Raja'i, a member of the Majles Economy Committee, spoke about the remarks made by the Supreme Leader on the need to adopt an “economy of resistance”, saying that the economic model referred to by Khamenei is the same economic model adopted by Prophet Muhammad to deal with the challenges he faced in the early days of Islam. In an interview given to Fars News Agency, Raja'i said that the existence of economic problems and inflation in Iran is

undeniable. Adopting the economic model of the prophet, according to Raja'i, is intended to advance the objectives of the Islamic revolution and overcome the challenges faced by Iran. He stressed that the current situation in Iran is not as bad as it was in Prophet Muhammad's time, but that it would be advisable to adopt the same economic model used by the Prophet to contend with the current challenges (Fars, July 26).

Ayatollah Ja'far Sobhani, the Friday prayer leader in the city of Qom, also drew on the legacy of Prophet Muhammad to provide a boost to the determination of his followers. During his Friday sermon, Sobhani traced a parallel between the sanctions imposed on Iran to the Sha'b Abu Taleb boycott imposed by the Quraysh tribe on the Prophet's supporters as his message was beginning to spread in an attempt to force them to withdraw their support for him. The sanctions imposed on Iran are the price the Iranians have to pay for their independence, the top cleric said, and the Prophet, too, was able to persevere for three years in conditions of extreme boycott (Saham News, July 14). Raja News, a website affiliated with the radical right wing of the conservative camp, also recently discussed the Islamic historical parallel to Iran's current situation. In an article published by the website, the historian Dr. Mohammad-Hossein Rajabi Davani argued that Iran's current situation is reminiscent of the situation of the Muslim community during the battles of Badr and Khaybar rather than the situation during the Sha'b Abu Taleb boycott (see Spotlight on Iran, issue no. 259).

The use of Islamic narratives to justify the need for continued resistance in the face of the pressure exerted by the West could also be seen in an article published this week by the conservative website Borhan (July 25), titled "Why resistance?" (*Chera moqavamat?*). The author of the article discussed the question of whether the current conditions in Iran require adopting a strategy based on "resistance of faith" (*moqavamat-e imani*) or surrendering to Western demands in order to rescue Iran from the current sanctions. The conclusion at which the author of the article arrives is that resistance of faith is the strategy pursued by Shi'ites throughout history despite the numerous difficulties they faced, and that it is this strategy which led to the most significant results. The progress made by the Islamic republic in various areas, the author said, is one more sign that this strategy is the only one capable of leading to positive results. Abandoning this strategy in favor of concessions has brought dire, at times insurmountable consequences. Resistance, the article said, is a message of the Quran, which teaches: "Lo! those who say: Our Lord is Allah, and afterward are upright, the angels descend upon them, saying: Fear not nor grieve, but bear good

tidings of the paradise which ye are promised” (Surat Fussilat [41:30], Pickthall translation. The Surah discusses the obstacle erected by some of the Quraysh tribesmen in the hearts of Muslims so that the divine message could not get into their souls).

The chief of the Revolutionary Guards in Qazvin also called for strengthening the Iranian people by the power of faith. Speaking at a conference held in the city of Qazvin last week, Salar Abnush said that all the sanctions imposed on Iran stem from the fact that the Iranians are anticipating the return of the Vanished Imam. If the people know that this is the reason behind the sanctions, Abnush said, they will oppose them with their spirits and hearts (www.snn.ir, July 25).

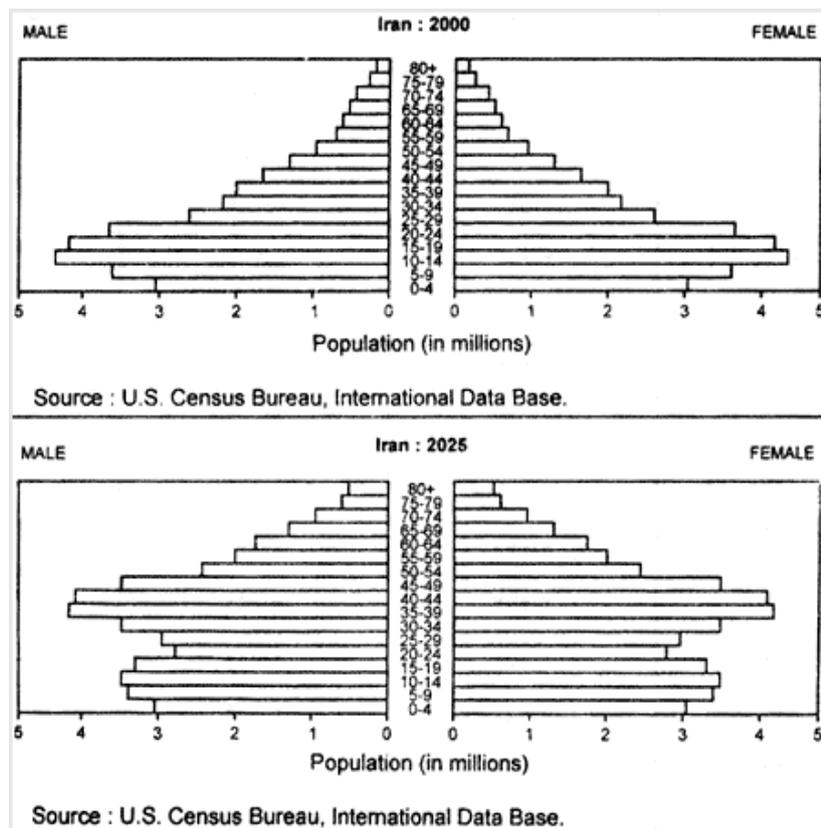
Iran gives up birth planning following Supreme Leader’s statement

This week, for the first time in about two decades, the Supreme Leader publicly and clearly called for the reexamination of the birth planning policy currently pursued in Iran. At a meeting with top regime officials held last Tuesday, July 24, Khamenei argued that while the policy was appropriate for the early 1990s, it was a mistake to continue pursuing it after that time. He noted that scientific studies indicate that, if the current policy remains in place, the Iranian society will undergo considerable aging and, eventually, population decline, which is why the policy should be seriously reconsidered. He also called on the media and the clerics to cultivate this understanding through cultural conditioning and raise public awareness of the issue (Fars, July 24).

The remarks made by the Supreme Leader have reignited the public debate over the birth policy. One day after Khamenei’s speech, the conservative website www.598.ir published a commentary article which stressed the need for a change in Iran’s birth planning policy. The website reviewed the re-implementation of this policy during the Rafsanjani administration (1989 – 1997), which was given the title “two children is enough”, and the criticism it has drawn since then from clerics, the media, and politicians, including President Ahmadinejad. According to the website, Khamenei’s statement on the issue shows that, left unattended, the demographic trends in Iran may turn into a serious problem for the regime.

In a related story, the website reported that the National Center for Statistics published figures indicating that the size of an average Iranian family has dropped from 5.2 people in 1976 to 4.03 people in 2006 and 3.55 people in 2011.

The website said that, in the past, it had already warned about the dangers inherent in following the current policy, which threatens to upset Iran's demographic balance. The late 1980s were marked by increasing concerns about a population explosion; now, however, the threat is that of a population decline in the long term. According to various estimates, the current population growth rate in Iran is in the range of 1.3 to 1.8 percent, while a population growth rate of 1.2 percent is commonly accepted as the minimum rate needed to prevent population decline. If the current birth planning policy continues, in 80 years the population of Iran may drop to 31 million people, 47 percent of whom will be aged 60 and up. Iran is currently one of the world's ten countries whose populations undergo the most rapid population aging process.



Demographic trends in Iran, as published on www.598.ir

The website noted that policy planners in the United States and Europe have a positive view of the demographic processes that are taking place in Iran, with some of them even arguing that these processes will eventually lead to a change of regime in the country. According to the website, not only will population decline have severe

economic effects, it will also lead to severe security and political consequences. Population aging will make it impossible for the government to guarantee sufficient welfare services, increase the economic burden placed on the government, and force it to divert a considerable part of its economic resources to social security and social services for the elderly. The demographic trends will also have the effect of reducing Iran's workforce, which will make it necessary to import workers from abroad. The result will be capital flight and the introduction of foreign cultures into Iran (www.598.ir, July 25).

Daneshjou News Agency (*daneshjou* being Persian for 'student') also warned against continuing to follow the birth planning policy, saying that even European countries now understand that this policy may lead to population decline and a severe social crisis. Among other things, the news agency discussed the significant difference between the population growth rate of Iran's Shi'ites and the considerably higher population growth rate of the Sunnis (7 percent in Sunni areas compared to 1-1.3 percent in Shi'ite areas). This difference threatens the demographic balance between Iran's Shi'ites and Sunnis, and some villages where there was once a large Shi'ite majority have become villages with a predominant Sunni majority.

The world's developing countries must learn the lesson of the harmful influence that birth planning policy has had on European countries and pursue an alternative policy to that adopted by the West. This policy needs to be based on an Islamic worldview, rely on the experience of other countries, and avoid repeating the mistakes they made. Iran needs to pursue a birth planning policy that is compatible with Islam, which encourages having more children. Iran's birth planning policy needs to be adapted to its unique climate and geographic characteristics, and avoid the disadvantages of the Western birth planning policy. The news agency noted that sources of Islamic religious law are inconclusive on birth planning, since some of them encourage having children while others stress the great responsibility involved in raising them. Islam can therefore serve as a "third path" between the policy pursued by the West and a birth policy which completely ignores the changing interests and circumstances. The ones who need to instruct society on the desired policy are the clerics (www.snn.ir, July 25).

The warning about the demographic processes that stem from the current birth planning policy was also joined by the Khabar Online website. Dr. Mohammad Javad Mahmoudi, the head of the Population Studies and Research Center in Asia and the Pacific (PSRC), said in an interview to the website that, if allowed to continue, the

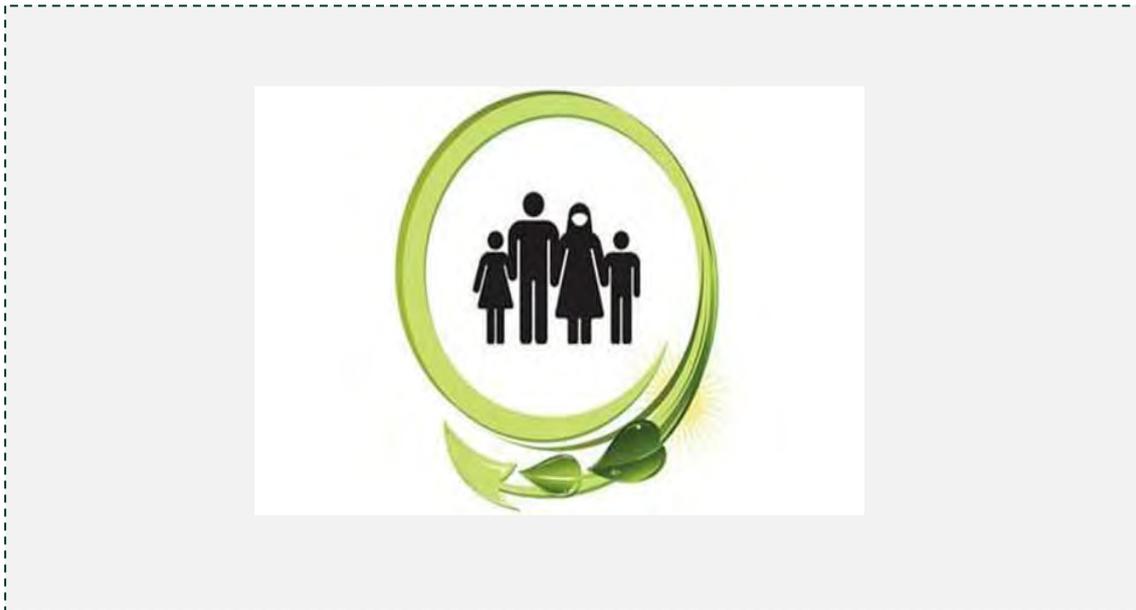
current demographic trends and the aging crisis will deliver a heavy blow to Iran. He noted that, while Britain took 100 years to reach an ageing crisis, Iran took as little as 25 to 30 years. According to Mahmoudi, every family needs two to three children to appropriately deal with the ageing process. He further added that Sistan and Baluchestan Province (populated mostly by members of the Baluchi minority, who belong to the Sunni school of thought in Islam, and considered the poorest province in Iran) is also seeing a decrease in the number of children: the number of children in an average family has gone down from eight to less than four (Khabar Online, July 25).

Meanwhile, Abdolreza Azizi, a member of the Majles Social Committee, reported that, in its coming meetings, the committee intends to discuss ways to put into practice the Supreme Leader's recommendations about the need for population growth. He said that it is necessary to raise public awareness of the need to increase the number of children per family, since the birth planning policy is partially incompatible with the interests of the Iranian society. If the current conditions persist, Azizi warned, Islamic Iran will lose its youthfulness in the near future (Fars, July 25). The Ministry of Health also reported that its policy on birth planning has changed, saying that the budget allocated for promoting said policy has been removed (Khabar Online, July 25).

In recent years the birth planning policy has come under increasing criticism from Iran's religious establishment. In September 2011 two top conservative clerics expressed their reservations about the birth planning policy. Ayatollah Safi Golpayegani warned that birth control leads to a decline in the world's Shi'ite and Muslim population. Ayatollah Ja'far Sobhani discussed the issue as well, and said at a meeting with Islamic Guidance minister Dr. Mohammad Hosseini that birth planning was in no way helpful to the state and that the current policy, if not changed, could bring about a decline in Shi'ite population, which could already be seen in many cities in Iran's border regions.

In addition, on several occasions over the past several years President Ahmadinejad has announced that he does not agree with the current birth planning policy. He first introduced his views on the issue in October 2006 by stating that he objected to the idea according to which two children per family is enough, saying that Iran is a country with tremendous potential that could accommodate 120 million residents. In an interview given to Iranian TV in April 2010, the president claimed that even Western governments regretted their family planning policies and were forced to make considerable efforts to preserve Western culture in light of the significant population

decline. The president's remarks drew strong criticism even from elements affiliated with the conservative camp. His critics claimed that, in light of Iran's current economic situation and the severe problems facing the education and health systems, changing the family planning policy was not the appropriate thing to do. In early 2011 the Expediency Discernment Council, headed by Ali-Akbar Hashemi Rafsanjani, also asserted that increasing the population was not the logical strategy for solving Iran's problems and that the birth policy should not be changed.



“Two children is enough”, a poster intended to encourage birth planning (www.mashreqhnews.ir)

Iran's family planning policy has undergone far-reaching changes since the Islamic revolution. The family planning program, which was officially launched in the summer of 1967 to decrease the natural population growth rate, was put on hold shortly after the revolution. A short time later, Ayatollah Ruhollah Khomeini, the founder of the revolution, ruled that there was no religious prohibition against using contraceptives; however, the executive board of family planning was disbanded, a significant number of family planning clinics were shut down or cut back, and the supply of contraceptives remained limited. After the Iran-Iraq War broke out in September 1980, Iran's authorities began portraying population size as a major source of military strength and national security. The regime's policy to strengthen the status of the family by promoting marriage and encouraging women to return to their homes led to a sharp increase in birth rate in the first half of the 1980s, when it reached an annual 3.9 percent.

The second half of the 1980s saw an increased recognition of the economic and social consequences of an uncontrolled increase in population, perceived as an impediment to economic growth and development. In December 1989 Iran adopted a birth planning program to limit the number of pregnancies and the number of children per family. The family planning law, which cut financial benefits for families with many children while encouraging small families, was approved by the Majles in 1993. The program included a public awareness campaign on the media and through the education system; in addition, clinics and medical centers were established to provide family planning services. The authorities also encouraged the use of contraceptives, including castration and sterilization operations. Young couples were even required to receive instruction on contraceptives to get their marriage license. The resumption of the birth planning policy was a success, and the birth rate dropped to 1.2 in 2001.

The statement made by the Supreme Leader marks the beginning of a significant change in Iran's birth planning policy. However, it is unlikely to curb the trend that can be seen in Iranian society in recent years towards having fewer children, which is mostly the result of the ongoing increase in the age of marriage and in the cost of living.

In light of foreign currency crisis, restrictions imposed on selling foreign currency to Iranians traveling abroad

As part of the efforts to contain the crisis on the foreign currency exchange market, Iran's Central Bank Governor Mahmoud Bahmani announced that, from now on, Iranians who travel abroad will not be able to purchase dollars at the official exchange rate (12,260 rials per dollar), and will have to purchase their foreign currency only on the free market. The decision was made at a joint government-Majles meeting held last week to discuss the measures that need to be taken to contend with the escalating economic sanctions (IRNA, July 25). Bahmani noted that these instructions will not apply to pilgrims who travel to Iraq, Saudi Arabia, and Syria to visit Shi'ite holy sites. However, ISNA News Agency reported earlier this week that pilgrims will only be allowed to purchase up to 200 dollars at the official exchange rate once per year (ISNA, July 29). At the same time, the Iranian media reported that the authorities are looking into the possibility to stop selling foreign currency at the official exchange rates to Iranian students who study abroad (Mehr, July 29).

The decision to stop selling foreign currency to Iranians who travel abroad is a significant departure from the policy announced by the Central Bank only a few months ago. In late January 2012, at the same time as the rial was devalued, Bahmani said that the government would keep providing foreign currency to all Iranians who needed to purchase dollars for their personal needs, including to those traveling abroad. At the time, he stressed that there was no reason why Iranian citizens should purchase foreign currency on the free market.

As the Central Bank announced that Iranians traveling abroad will no longer be able purchase dollars at the official exchange rate, Arsalan Fathipour, the chairman of the Majles Economy Committee, said that another decision made at the joint Majles-government meeting was to prevent the sale of foreign currency at the official exchange rate for importing luxury products. Importers will only be allowed to buy dollars at the official exchange rate for importing basic products (Mehr, July 25). Last week Fathipour reported that, from now on, three different exchange rates will be used to import goods into Iran. The official exchange rate (12,260 rials per dollar) will be used for importing basic products, an exchange rate of 15,000 rials per dollar will be used for the import of intermediate products and capital, and luxury products—such as cars—will be imported at the dollar’s free market exchange rate (19,000 to 20,000 rials per dollar). The new foreign currency restrictions reflect the government’s recognition that its efforts to curb the sharp increase of the dollar’s exchange rate on the free market have failed, and that action has to be taken to prevent a decline in the country’s foreign currency reserves in light of the escalating economic sanctions. This week the governor of the Central Bank was summoned to appear before the Majles to report on developments on the foreign exchange market and the state of the foreign currency reserves (Fars, July 29).



The new restrictions on selling foreign currency to those traveling abroad have been met with a generally favorable response from the Iranian press, which stressed, however, that it will not be enough to stabilize the foreign currency market. The economic daily *Donya-ye Eqtesad* had praise for the decision to restrict the sale of foreign currency to people who travel to other countries, saying that it is a reasonable decision. With economic conditions being what they are today, it is unjust to sell foreign currency at the official exchange rate to people who travel abroad and belong to the upper deciles of society, said an editorial published by the daily. *Donya-ye Eqtesad* warned that, if the sanctions persist, the result may be a severe shortage in foreign currency reserves, which is why the government needs to take the necessary measures to increase control of foreign exchange transactions. However, the daily advised the Central Bank to sell dollars on the free market in the sum which was until now available to those who travel abroad (up to 1,000 dollars per person). This, according to the daily, will help prevent another spike in the dollar's exchange rate due to the expected increase in demand for dollars on the free market as a result of the new restrictions (*Donya-ye Eqtesad*, July 28).

The daily *Tehran Emrooz* also reported that the restrictions on selling foreign currency to those traveling abroad have drawn positive reactions from economic commentators. However, these commentators stressed that this decision alone is not enough to contend with the developments on the foreign currency market that stem from the influence of the economic sanctions. According to the commentators, the two main problems on the foreign currency market are the considerable difference between the dollar's official exchange rate and its exchange rate on the free market, and the activity of speculators on the foreign exchange market. In an interview given to the daily, the economic commentator Mehdi Taqavi said that the government's decision to prevent foreign currency from being sold at the official exchange rate to those traveling abroad will help it gain more control of the foreign currency market and stop the depletion of Iran's foreign currency reserves. He stressed, however, that the decision is not enough under the current conditions. Taqavi estimated that the decision will have no significant influence on those who travel abroad, because Iranian citizens who can afford to go abroad can also pay more for the foreign currency they need for their trip. The economic commentator Ahmad Sa'edi said that the conditions that have been formed as a result of the economic sanctions call for decisions that will help stabilize the market. *Tehran Emrooz* reported that, following the new restrictions on selling foreign

currency, the dollar's exchange rate on the free market has increased even more, and that the U.S. dollar was trading at 19,600 rials earlier this week (Tehran Emrooz, July 28).

On the other hand, some in the tourism industry expressed their concerns over the decision to prevent foreign currency from being sold to Iranians going abroad. A member of the board of Iran's Association of Travel Agencies said this week that the decision hurts the middle class and makes it impossible for Iranian citizens to travel to foreign countries. In an interview to ISNA News Agency, Akbar Ghamkhar said that, while the decision is not particularly significant for government officials, traders, and wealthy individuals, it has a considerable effect on the middle class, who won't be able to travel abroad from now on. He added that it is one of the government's responsibilities to guarantee the social welfare of its citizens, and that traveling to foreign countries is part of this welfare and of family needs. Such trips build a sense of camaraderie among the families and contribute to increased productivity in society. According to Ghamkhar, the purpose of most trips abroad is family visits, medical care, or commerce, and there is therefore no reason to make that inaccessible to Iranians. He noted that the sum of foreign currency allocated to each person traveling abroad is small anyway (usually 400 dollars per person), and that the decision will therefore not lead to any significant savings in foreign currency. Ghamkhar also warned that travel agents will likely be hit by the decision (ISNA, July 28).

The daily Hamshahri reported this week that the new instructions have caused confusion for people going abroad. A number of Iranians expressed their concern over the possibility that the banks at the airports would not give them the dollars they had already purchased at the official exchange rate. The daily also reported confusion in the banking system caused by the fact that the Central Bank has yet to issue a clear, official order banning the sale of foreign currency at the official exchange rate for people who go abroad (Hamshahri, July 28).

Meanwhile, Mohammad Nahavandian, the head of Iran's Chamber of Commerce, warned about the ongoing turmoil on the foreign currency market and called on the Central Bank to take action to rebuild stability and public trust in the market. This can be achieved by implementing a policy based on just one exchange rate and avoiding a tiered exchange rate system, he said (Shargh, July 29).

Judiciary vs. president: appointments revoked, pro-Ahmadinejad bloggers arrested

This week the Administrative Court of Justice revoked the appointment of Sa'id Mortazavi, Tehran's former prosecutor general, as chairman of the Social Security Foundation. According to the court ruling, the matter was brought before the public council of the court following a complaint lodged by some Majles members with regard to the appointment, and the council ultimately decided to revoke the appointment as it was against the law (Fars, July 30). The Administrative Court of Justice, under the chief of the judiciary, is in charge of dealing with complaints against government officials and government institutions. The public council of the court is made up of over 90 judges.

The court's decision is a blow to President Ahmadinejad, who decided to appoint Mortazavi as chairman of the Social Security Foundation in March 2012. The appointment stirred a political controversy due to Mortazavi's involvement in the Kahrizak detention facility affair. The facility was closed down in the summer of 2009 on the Supreme Leader's orders in light of reports according to which several of its detainees had died there as a result of torture and abuse. One of the detainees who died in the detention facility was the son of a top advisor to Mohsen Reza'i, secretary of the Expediency Discernment Council and former commander of the Revolutionary Guards. A parliamentary fact-finding committee appointed to investigate the events that had taken place in the detention facility blamed the incident on Mortazavi, who was serving as Tehran's prosecutor general at the time. The committee strongly criticized his decision to relocate nearly 150 people detained in the riots that had broken out after the presidential elections to the Kahrizak detention center, where dangerous criminals and drug addicts were held. Mortazavi was removed from his position following the incident.

Mortazavi is considered one of President Ahmadinejad's close allies. The president's opponents argued that that his appointment as head of the Social Security Foundation was intended as a provocation against his political opponents in the conservative camp and judiciary chief Sadeq Larijani, who had removed Mortazavi from his position as Tehran's prosecutor general. Shortly after being appointed, Mortazavi announced his intention to resign due to the controversy sparked by the appointment; however, President Ahmadinejad refused to accept the resignation.



Mortazavi and Ahmadinejad

Farda, a website affiliated with Mohsen Reza'i, had praise for the decision made by the court and, in an implicit reference to other allies of President Ahmadinejad who serve in senior positions, said that the decision to revoke Mortazavi's appointment sends a clear message that all the other controversial officials who are currently being investigated by the court need to be removed from their positions as well. Farda said that the court's decision lends support to the claim that Mortazavi's appointment as chairman of the Social Security Foundation was illegal, since his experience does not meet the criteria stipulated by the law for this position (Farda, July 30).

In addition to the blow that the revocation of Mortazavi's appointment inflicted on the president, several news websites reported that new limitations have been imposed in recent days on the activity of pro-Ahmadinejad bloggers. This week, July 29, the Digarban website reported that several bloggers who had taken part in a conference of 35 bloggers who are close to the president about two weeks ago have had their freedom restricted by the authorities. Ahmad Shariat, one of the organizers of the conference and the owner of a blog called "Voice from the Inside" (*Neda'i az Daroun*), was arrested several days after the conference due to his criticism of the Revolutionary Guards and the judiciary; Hamed Fatahi, who runs the Armanshahr blog and was also involved in organizing the conference, was summoned to an interrogation by the judiciary; and the blogs of five bloggers who had taken part in the conference were blocked. A reformist website reported this week that pro-Ahmadinejad bloggers are

currently trying to raise 100 million tomans (over 50 thousand dollars) to bail out Ahmad Shariat from Evin Prison (www.irangreenvoice.com, July 26).

A blogger close to the president reported this week that, since the beginning of the conflict between the Supreme Leader and the president in mid-2011 over the dismissal of Intelligence Minister Heydar Moslehi, approximately ten news and commentary websites affiliated with Ahmadinejad have been blocked. Websites that oppose the government, on the other hand, have been promised by the judiciary that they can bash the government and offend the president without having to worry about anything (www.ensanekamel.com, July 29).



“Iranian President”, one of the blocked blogs (<http://www.iranian-president.blogfa.com>)

Pictures of the week: Iranian athletes at the Olympics
(Source: www.olympic.ir, the website of Iran’s Olympic Committee)

