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Executive Summary

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In the Aftermath of Iran’s 2026 Anti-Regime Protests: The Future of the Islamic Republic and U.S. Strategic Calculations

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The Unprecedented Spread of Iran’s Anti-Regime Protests in January 2026

In late December 2025, protests sparked by Iran’s currency collapse and soaring living costs erupted in Tehran’s traditional bazaar and rapidly spread nationwide. What began as localized economic grievances quickly evolved into a broad-based anti-regime movement encompassing all 31 provinces and major urban centers. Demonstrators moved beyond demands for policy adjustment, openly rejecting the Islamic Republic and calling for the removal of Supreme Leader Ali Khamenei. In both scale and political intent, the unrest constituted the most serious internal challenge to the regime since its establishment in 1979.

The social composition of the protests underscored the depth of the crisis. Bazaar merchants—long regarded as a cornerstone of the Islamic Republic’s socio-political order—played a catalytic role, facilitating rapid mobilization through dense informal networks. Their participation was soon followed by students, women, middle-class professionals, industrial workers, and low-income urban groups. This rare convergence of diverse social strata around the demand for regime change, rather than reform, distinguished the movement from previous episodes of unrest. The appearance of slogans praising the former monarchy, reinforced by public statements from exiled Reza Pahlavi, signaled a symbolic rupture with the Islamic Republic’s ideological foundations.

The regime responded with overwhelming repression. Security forces employed lethal force, mass arrests, and nationwide shutdowns of the internet and international communications. By mid-January 2026, protests had subsided under coercion, with fatalities estimated at up to roughly 30,000 and arrests estimated at around 40,000. Although surface-level order was restored, the episode exposed the regime’s vulnerability and inflicted lasting damage on its legitimacy.

Drivers and Background of Iran’s Nationwide Anti-Regime Protests

1. The Erosion of Regime Legitimacy in the Aftermath of the 2025 “12-Day War”

The nationwide protest wave was the culmination of shocks that had accumulated throughout 2025, most notably Iran’s defeat in the June Israel–Iran war. In a short but decisive conflict, Israeli operations—later joined by U.S. strikes—degraded Iran’s air defenses, missile forces, and elements of its nuclear infrastructure. The war also accelerated the weakening of Iran’s regional proxy network, undermining a core pillar of its deterrence strategy.

Equally corrosive to regime legitimacy was the leadership’s failure to protect the civilian population. Despite credible warnings of incoming airstrikes, authorities issued no meaningful civil defense guidance, instead prioritizing internal security and counterintelligence. The Supreme Leader’s prolonged absence from public view during the conflict further reinforced perceptions of elite panic and institutional disarray. As a result, the war weakened not only Iran’s external deterrence posture but also domestic confidence in the regime’s competence and capacity to govern.

2. Currency Collapse and Soaring Inflation Following the Reimposition of UN Sanctions

Economic conditions deteriorated sharply in the war’s aftermath. The restoration of UN sanctions in September 2025, triggered by renewed nuclear violations, compounded pressure on an already fragile economy. These measures accelerated the collapse of the rial, which fell to approximately 1.4 million per U.S. dollar by late December, while inflation surged and the prices of basic goods became increasingly prohibitive. Government responses—including fiscal tightening, subsidy reductions, and limited cash transfers—proved insufficient to stabilize expectations or contain public anxiety. The convergence of military defeat, economic freefall, and visible elite insecurity transformed long-standing socioeconomic grievances into a systemic crisis of legitimacy, creating immediate conditions for nationwide mass mobilization.

The Future of the Islamic Republic and U.S. Maximum Pressure with Israeli Coordination

1. Fragmentation within Iran's Ruling Elite and the Possibility of Abrupt Authoritarian Collapse

Although the regime succeeded in forcibly suppressing street protests, the episode exposed deepening fractures within Iran's ruling elite. Emerging signs of clerical dissent, growing factionalization within the Islamic Revolutionary Guard Corps, and quiet maneuvering surrounding the post-Khamenei succession collectively point to a weakening of cohesion at the core of power. The leadership's reliance on extreme repression and auxiliary forces further suggested doubts about the reliability of its own security apparatus.

Iran now appears to be in a precarious equilibrium. Outward stability is maintained through coercion, but trust among elites and institutions has eroded. The unprecedented scale of violence used against protesters has deepened mistrust between rulers and ruled, while the psychological threshold of openly contesting regime survival has been crossed. Although no unified opposition leadership has emerged, the protests have altered expectations about what is politically conceivable. In authoritarian systems, decisive shifts often occur not at the height of protest, but when insiders reassess the costs of loyalty. Repression may deter immediate mobilization, yet it also accelerates elite anxiety, strategic recalculation, and hedging behavior. Iran's leadership thus faces a narrowing margin for error as accumulated pressures remain latent beneath enforced calm.

2. U.S. Precision Strike Options against Iran and Israeli Coordination: A Scenario of Accelerated Elite Defection

U.S. Demands for the Termination of Iran's Nuclear and Missile Programs and Proxy Support

Against this backdrop, the Trump administration escalated pressure on Tehran in January 2026. Public statements framed the killing of protesters as a red line, while the repositioning of U.S. naval and air assets signaled readiness for military action. These signals were coupled with renewed demands for the suspension of Iran's nuclear and missile programs and the rollback of support for regional proxies—conditions that strike at the ideological and strategic core of the Islamic Republic and are therefore unlikely to be accepted by hardline elites.

U.S. planning appears increasingly oriented toward limited, high-impact precision strikes rather than large-scale military intervention. Several factors render this option more plausible than in previous crises: the degradation of Iran's air defenses following the 2025 war; the erosion of its regional proxy network; growing international condemnation of regime repression and renewed momentum for sanctions; deepening fractures within Iran's ruling elite and the weakening of the so-called "Axis of Resistance"; the imperative to curb Iranian oil flows to China; and the absence of meaningful countervailing support from Russia or

China. The demonstrated effectiveness of recent U.S. intervention in Venezuela further reinforces confidence in such an approach. In addition, close coordination with Israel strengthens this strategy, as Israeli leaders have consistently treated any Iranian effort to reconstitute its nuclear and missile capabilities as a red line.

The objective of such operations would not be immediate regime change, but rather the acceleration of internal fragmentation by exposing the leadership's inability to guarantee security. In Washington's assessment, carefully calibrated strikes against core regime assets could reignite mass unrest and push wavering elites toward defection, potentially opening a transitional political phase—while avoiding the costs and risks associated with prolonged occupation or post-conflict reconstruction.

Conditions Favorable to Limited U.S. Precision Military Action Against Iran

Diplomatic channels remain open. Iranian moderates continue to seek the resumption of nuclear negotiations, and a temporary pause in military action is conceivable should talks gain traction. Yet even a diplomatic reprieve would be unlikely to resolve the structural drivers of instability. The regime's continued commitment to a hardline ideological posture, combined with acute economic distress and deeply eroded public trust, leaves little room for durable de-escalation.

As Iran enters 2026, it confronts its most severe strategic crisis since the 1979 Revolution. External deterrence has weakened, regional influence has contracted, and domestic legitimacy has been profoundly damaged. Although repression has restored short-term control, it has reinforced the perception that regime survival now rests increasingly on coercion rather than consent. Under such conditions, future shocks—economic, political, or military—carry a heightened risk of abrupt and disproportionate change.

Iran's trajectory therefore, hinges on the interaction between elite cohesion and external pressure. Sustained U.S.–Israeli signaling, reinforced by the memory of mass protests and economic collapse, is likely to constrain Tehran's strategic choices and keep the option of limited precision military action credible. Whether this pressure results in renewed unrest, elite realignment, or a prolonged period of brittle stability remains uncertain. What is clear, however, is that the Islamic Republic has entered a high-risk phase in which internal fragility and external pressure mutually reinforce one another, leaving the regime with a steadily narrowing margin for error.

About the Author

Dr. JANG Ji-Hyang is a Principal Fellow and director of the Center for Regional Studies at the Asan Institute for Policy Studies. Dr. Jang served as a policy advisor on Middle East issues to South Korea's Ministry of Foreign Affairs (2012-2018) and currently serves to Ministries of Industry, Justice, and Defense. Her research interests include political economy of the Middle East and North Africa, political Islam, comparative democratization, terrorism, and state-building. Dr. Jang is the author of numerous books and articles, including *The Essential Guide to the Middle East* (Sigongsa 2023 in Korean), *The Arab Spring: Will It Lead to Democratic Transitions?* (with Clement M. Henry (eds.), Palgrave Macmillan 2013), "Disaggregated ISIS and the New Normal of Terrorism" (Asan Issue Brief 2016), "Islamic Fundamentalism" (International Encyclopedia of the Social Sciences 2008) and a Korean translation of Fawaz Gerges' *Journey of the Jihadist: Inside Muslim Militancy* (Asan Institute 2011). Dr. Jang received a B.A. in Turkish studies and M.A. in political science from the Hankuk University of Foreign Studies and her Ph.D. in political science from the University of Texas at Austin.

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