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Islamic Republic of Iran

Comparative National Systems



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Introduction

This report considers the comparative politics of Islamic Republic of Iran using the SPECIPIO framework for comparative political analysis. The framework considers a range of interrelated dimensions of the political system and variables directly or indirectly defining it. SPECIPIO report on the Islamic Republic of Iran analyzes the origins, strength and scope of the Iranian state; attempts to categorize Iran's political regime and define its dominant features; analyzes the impact of Iran's economic development on the country's form of governance; describes Iran's political institutions and identifies the conditions responsible for their establishment and character; examines the causes for weakness of Iranian political parties; puts Iran into a wider scope of international politics; and concludes with a review of Iran's ownership structure.



From the point of view of comparative national systems, there seem to be limited tools for analyzing Iran's political system. The Islamic Republic has been based on the unique fusion of the highest religious and political authority, placed in the hands of its politico-religious leader. It is ruled by a politicized section of the Shi'ite clergy. Like

totalitarian regimes, it proclaims the absolute supremacy of Islam, i.e. an ideology, over public life; like authoritarian regimes it permits a limited degree of pluralism; and like democracies it holds regular elections in which people sometimes have a genuine choice.

Within Iranian regime, totalitarian, authoritarian and democratic tendencies coexist and have their adherents at all levels of the country's institutions. In the course of the SPECIPIO report, we will attempt to conclude if the combination of the features of different regime types in Iran is symptomatic of the authoritarian model the most.

Between the political factions, institutions and patronage networks an equilibrium seems to have emerged in Iran and resulted in the opening of a public sphere of discussion and debate. It remains to be seen whether the equilibrium leads to the emergence of a consensus on mechanisms for formulating policy and the development of a strong legal culture conducive to the rule of law that would guarantee stability and predictability of public life and render the implementation of governmental decisions and policies.

Stateness

Paradox of Islamic nation-state

A modern Iranian state, with a nationally centralized army and administration, emerged in the 1920s (Skocpol, 1982). The Iranian Islamic Revolution of 1978-79 paradoxically contributed to giving roots to the Iranian nation-state (Roy, 1999). The paradox of the Iranian nation-state stems from the fact that in accordance with Islamic thinking the global unit of solidarity is the supranational Islamic community of the faithful, the *umma*, and thus the territorial nation-state is incompatible with this higher unity (Zubaida, 1988). Furthermore, Zubaida stresses that alongside this global solidarity there is the more immediate solidarity of primary communities based on tribe, region or sect, equally incompatible with the nation-state. Thus the Iranian Islamic

Revolution gave a religious legitimacy to the nation-state at the expense of the transnational solidarities. According to the Iranian Constitution, the supreme leader – the guide or *faqih* -- should not necessarily be Iranian though the body, which elects the guide, is made up of Iranian nationals elected by Iranian citizens (Roy, 1999). Since the Iranian Revolution was founded on a dual legitimacy, religious and political, it led not only to politicization but also to Iranization of supranational Shi'ism. Also due to the dual legitimacy of the Islamic Revolution the Iranian state developed a dual nature that combines nation-state concepts with Islamic forms. The duality is indicated in the very title of the Islamic Republic of Iran. "Republic" represents a link with the French Revolution and all the revolutions, which have toppled a monarchy (Zubaida, 1988). According to Zubaida, Iran is the only example of an Islamic state installed through a popular revolution.

Iran has a written constitution, drafted after wide-ranging and heated debates by an elected Assembly of Experts, an elected president, and a parliament (*majlis*) and ratified by the referendum of December 2-3, 1979. The contradictory duality of sovereignties is written into the constitution of the Islamic Republic of Iran: the sovereignty of the popular will, in line with democratic nation-state constitutions, and a novel principle in politics and government -- *velayat-e faqih* -- that places the judiciary system under the exclusive control of the clergy with the provision of extensive revision of the legal codes to render them Islamic (Zubaida, 1988). *Velayat-e faqih* (Mandate of the Clergy, or the Sovereignty of the Jurist) endows the supreme leader with supreme power over men and responsibility only to God; gives supreme authority to interpret the sacred Islamic texts and to intervene and direct legislation on any matter of general policy to which he judges his authority and expertise to be relevant, and to arbitrate in any conflict (Arjomand, 1980).

Strength of state in Iran

Just like the majority of the states in the world, the Islamic Republic of Iran is a unitary system with power and authority concentrated in the central government

(Almond et al., 2008). Iranian state displays both strengths and weaknesses. On the one hand, it has managed to fulfill its key functions of providing order, security and law in the face of political instability in its region and continued violence and uncertainty on Iran's borders. Iran's security is threatened by the resurgence of the Taliban in Afghanistan to the east and the continuing insurgencies in Iraq to the west (Chatham House, 2006). On the other hand the coexistence of totalitarian, authoritarian and democratic features in its political system prevented the emergence of a consensus on mechanisms for formulating policy and the development of a strong legal culture conducive to the rule of law, without which the unpredictability of public life renders the implementation of governmental decisions and policies uncertain (Chehabi, 2001).

Rentier state

Iranian economy continues to rely on oil, as it has for most of the past 40 years, and the state, as the recipient of crude revenue, remains the dominant economic actor. The oil price explosion of 1973 facilitated the concentration of power in the hands of the public sector – the process further compounded by the nationalization of many large firms in the aftermath of the Islamic revolution, and restructuring required by the eight-year war with Iraq in the 1980s. The oil and gas sector remains the most important driver of economic growth and the source of political and financial power of the Iranian state. The oil revenues provide some 80-85% of export earnings and anywhere between 40% and 80% of government revenue, ensuring that the hydrocarbons sector receives the lion's share of domestic and foreign investment flows, and that the public sector remains ascendant (EIU, 2008).

Iran is a “rentier state,” since it derives a large fraction of its revenues from external rents, namely the sale of oil. Iran fully corresponds to Beblawi's definition of a “rentier state,” cited by Michael Ross in *“Does Oil Hinder Democracy?”* The definition implies that a rentier state is one where the rents are paid by foreign actors, where they accrue directly to the state, and where “only a few are engaged in the generation of this

rent (wealth), the majority being only involved in the distribution or utilization of it” (Ross, 2001).

The wealth, attributed to its plentiful natural resources, and rentier nature of the Iranian state, to a certain extent, allow for a relatively wide scope of state functions. It acts as a distributive state ever since the Islamic Revolution of 1978-79. The populist emphasis of the revolution and its championing of the *mostazefin*, the weak and the oppressed, was translated in the early days of the revolution into handouts and various forms of assistance. Selected groups of the urban poor, for instance, received housing. At the same time, radical measures for systematic welfare policies to protect the rights of workers and peasants have been for the most part blocked or subverted by groups headed by the leading conservative clergy (Zubaida, 1988). Mr Ahmadinejad, current Iranian president, continues lavish subsidies and outlays on public-sector wages as will be demonstrated in detail the section of the report on Iran’s economic development.

Adequacy of institutions

Urbanization, increases in literacy and education are among the social and economic changes that Huntington regarded as factors undermining traditional sources of political authority and traditional political institutions as they extend political consciousness, multiply political demands, broaden political participation (Huntington, 2006). The Islamic Republic has an increasingly young and urban population. Around 70 percent of the population lives in towns and cities, where pressure for the provision of services and employment is mounting (EIU, 2008). Basic literacy rates in Iran are above the regional average (literacy rates reached 84.6% among those over six years old and 97.2% among the crucial 6-29 age group in 2006-07) (EIU, 2008). Mahmoud Ahmadinejad’s re-election in June led to mass protests against the electoral authorities and Iran’s conservative institutions. The Iranian government has struggled to suppress the protests for months now, deploying security forces on the streets of Tehran and officially banning opposition demonstrations (Washington Post, November 5, 2009).

The continuing mass protests are an obvious sign that Iran's current polity is inadequately equipped to organize the political participation of the mass of the population.

While distinguishing between traditional and modern polities, Huntington identifies the political party as the distinctive institution of the modern polity (Huntington, 2006). Iran's quasi-party system is ill suited to organize political participation of the masses, to aggregate interests, and to serve as the link between social forces and the government. Though Iranian political factions are neither ready nor able to adjust themselves to the environment of globalizing Iranian politics, they still dominate Iran's politics and serve as substitutes for political parties. Thus as the Iranian society is going through a generational change and is modernizing, the inadequacy of its semi-modern semi-traditional political system undermines the current regimes legitimacy and obviously signifies the need for the political system require adjustments to keep pace with time.

Political Regime

Theocratic regime

Iran is a theocratic regime, in which religious authorities govern and religious law is part of the country's legal code (Almond et al., 2008). The existence of a written constitution that rationalized theocratic government in Iran distinguishes it from other theocracies, the last of which was pre-1959 Tibet (Chehabi, 2001).

Islam as a religion admits a variety of interpretations. Unlike, for example, the Roman Catholic Church, characterized by a high degree of bureaucracy and hierarchy, the Shi'ite clergy is more loosely organized thus allowing some degree of pluralism and a limited diversity of opinions and policy preferences, which contradicts the definition of

totalitarianism. Since the Islamic Republic does not fully meet the criteria of either the totalitarian or the democratic model, it seems to best fit the authoritarian regime.

Authoritarian regime

Iran's regime displays the following authoritarian characteristics: limited pluralism, dominant ideology, mobilization and strong leadership.

The limited political pluralism of contemporary Iran is manifested by the various competing factions, as will be demonstrated in the section on Iran's political structure and institutions, that are not dominant or adequately represented in the governing group but participate in politics without fundamentally challenging the system, which is typical of authoritarianism. Conservative non-elected institutions controlled by the supreme leader restrict reformists' power in the executive, Majlis, and City Councils. 70 percent of the highest state power positions are filled through appointments by the fundamentalists (Seifzadeh, 2003).

Iran is unique among non-democratic polities in having regular parliamentary and presidential elections in which voters have a true though limited choice. Before the elections candidates are screened, and genuine opposition candidates are prevented from running and political parties are discouraged. The powers of both president and parliament are circumscribed by those of the supreme leader, who holds real political and financial power. While the regime is somewhat responsive to the citizenry, it is not accountable.

Two important and related features of the Iranian ideology are anti-cosmopolitanism and populism. In 1990s conservatives in Iran openly divided Iranians into *khodi* (insiders) and *gheyr-e khodi* (outsiders – the cosmopolitan, outward-and western-oriented Iranians) accepting active political participation for the former but not for the latter (Chehabi, 2001). While the number of Iranians who are fluent in at least one foreign language has increased manifold since 1930s, these Iranians are conspicuous by their absence among the officials of the current regime (Chehabi, 2001).

Populism is closely linked to anti-cosmopolitanism, and permeates all official Iranian discourse.

The current Iranian regime was born out of mass mobilization carried out by the anti-Shah opposition in 1978-79. The current Iran's rulers disapprove oppositional mass mobilization as was recently demonstrated by the suppression of the post-election demonstrations, however, they still mobilize people on a regular basis: weekly during the Friday prayer meetings, and annually to demonstrate for the liberation of Jerusalem, to celebrate the anniversary of the revolution, or to commemorate the seizure of the American hostages.

Economic Development

Rentier effect hinders democracy

Iran is a middle-income country with 2008 GDP per capita equal to \$12,800 (PPP) (CIA World Factbook). According to CIA World Factbook, Iran's economy is marked by an inefficient state sector, reliance on the oil sector, which provides the majority of government revenues, and statist policies, which create major distortions throughout the system. Price controls, subsidies, and other rigidities weigh down the economy, undermining the potential for private-sector-led growth.

The Economist Intelligence Unit reports that the government subsidies of petrol are part of wide-scale energy subsidies that amount to over 10 percent of GDP. Overall subsidies, including for everyday items like bread and medicines, have been estimated at US\$50bn-90bn, or 15-30 percent of GDP (EIU, 2008). Regardless of the oil revenue decline in 2009 as a result of falling oil prices, President Ahmadinejad adheres to his populist agenda and outlays on public-sector wages and subsidies have risen rapidly. The subsidies also persist due to politicians' awareness of the popular sentiment among

Iranians that they are entitled to direct benefits from the country's oil wealth. As a component of the rentier effect, this “spending effect,” when oil wealth leads to greater spending on patronage, undermines popular pressures for democratization in Iran. The other effect at work in Iran preventing democratization might be a “group formation” effect, which implies that when oil revenues provide a government with enough money, the government will use its largesse to prevent the formation of social groups that are independent from the state and hence may be inclined to demand political rights (Ross, 2001). Civic institutions that tend to promote more democratic governance are suppressed in Iran.

As a result of the rentier effect, Iranian government uses fiscal measures to keep the public politically demobilized, which hinders democracy in Iran. The Economist Intelligence Unit's democracy index ranks Iran 145th out of 167 countries, putting it among the 49 countries considered to be "authoritarian." The Islamic Republic performs poorly with respect to the electoral process and civil liberties categories. Iran has repeatedly faced accusations of holding "flawed" and "neither free nor fair" elections particularly in response to its complex political structure, which gives almost limitless power to the Guardian Council, an election-vetting body. Charges of human rights violations have similarly been laid against the state by international observers. However, Iran fares relatively well in the political culture category. This is attributable to the staging of timely presidential and parliamentary elections in the country, which barring a few exceptions, have attracted a reasonable number of voters (EIU, 2008).

Culture and History

Shi'a Islam and clientelism

Since the principles of Islam are incorporated into Iranian politics, culture plays a rather crucial role in the country's political structure and institutions, factional politics

and ownership patterns.

The current political power structure in Iran is based on a Shi'a hierarchy, a system characterized by multiple objects of emulation and parallel power, which operates concurrently with clientelism. Clientelism in Iran is linked to Shi'ism, as well as to a rentier state, and to the Islamic Revolution, which resulted in many autonomous groups formed in patron-client bonds.

Alamdari defines clientelism as a non-class system with a power structure that consists of separate vertical rival groups rather than horizontal class layers (Alamdari, 2005). The power structure in Shi'ism is primarily based on a voluntary relationship between a faqih and his adherents. Such a structure crosses classes, occupations and ethnic identities, and it organizes society based on family or mafia-style relationships i.e. cliques and clans, and based on patron--client interests. According to Alamdari, clientelism disintegrates class, occupational and ethnic solidarity, and instead organizes people into rival groups and clique- or clan-types of relations. Clientelism explains Iran's complex political structure with parallel institutions, whose scopes of responsibility often overlap, and provides valuable insights into the factional nature of Iranian politics, where factions dominate political parties.

Unlike in a class system, in clientelism clan-type group unity subordinates class integration in the form of political parties and unions (Alamdari, 2005). Therefore group competitions dominate class conflicts. Neither occupational unions nor political parties (as we will see in the section on Party Families) are used as organizational means of achieving class goals. Because the state is the main source of income, groups compete to occupy governmental positions and gain influence in society.

In addition to religion, two other major factors, namely, the rentier state and self-established, financially self-sufficient religious organizations have pushed the political structure of Iran into clientelism. Given the current situation, it seems apparent that Iran cannot achieve democracy and the complete rule of law unless clientelism is

replaced by a class system (Alamdari, 2005).

20th-century events defining modern Iran

Two 20th-century events bear particular significance in determining the development of modern Iran and set the stage for a chain of consequent events that help explain Iran's current state of affairs:

- **The Iranian Constitutional Revolution (1905-1906).** The constitutional revolution represented Iran's first attempt at government by an elected assembly as it led to the establishment of a parliament in Persia (Iran) and signing of its Constitution in 1906. The constitution, modeled primarily from the Belgian Constitution, placed the Shah "under the rule of law, and the crown became a divine gift given to the Shah by the people." (Alamdari, 2005)
- **The rise of the Pahlavi royal family.** Reza Shah Pahlavi, a colonel in the Persian army who seized the throne in 1925 and became the Shah of the Imperial State of Iran, is considered by many as the father of modern Iran. Reza Shah ended regionalism and tribalism and established a nation-state for the first time in Iranian history and changed the country's name from Persia to Iran. His reign initiated a rapid modernization of the political and economic system to much dissatisfaction of traditional social groups associated with the clergy and the bazaar (Iran's traditional import-export merchants) and marked Iran's emergence as a key oil exporter.

Reza Shah Pahlavi was forced to abdicate by the allied Anglo-Soviet forces that occupied Iran in September 16, 1941. Reza Shah's son, Mohammed Reza, who replaced him on the throne, sought to ally Iran closely with Western powers, particularly the US. However, growing nationalist sentiment in Iran forced him to appoint the nationalist Mohammed Mosaddiq as prime minister in 1951. Mr Mosaddiq nationalized the Anglo-Iranian Oil Company in the same year, sidelining the shah politically. Alarmed at the threat the nationalist leader posed to their position in the Gulf and the broader Middle

East, the Western powers imposed an embargo on Iranian oil exports, crippling the government. Then, in 1953, a coup d'état deposed the democratically elected government of Iranian Prime Minister Mohammed Mosaddeq and returned authority to the shah. The coup d'état was engineered with support from the US Central Intelligence Agency and the British foreign intelligence agency, MI6. The 1953 coup d'état was the first time the US had openly overthrown an elected, civil government.

During Mohammad Reza Shah's rule, foreign investments and higher oil revenues helped Iran to pave the way to capitalist development and a class system (Alamdari, 2005). Mohammed Reza initiated a massive economic modernization program, known as the "white revolution", accompanied by a greater centralization of power and increased use of repression to subdue political dissent. In 1964 the government expelled Ayatollah Khomeini, a Shi'a cleric, after a series of political speeches, which led to widespread unrest.

The oil price explosion of 1973-74 fuelled rapid economic growth, but at the same time caused unprecedented rates of inflation (EIU, 2008). Ensuing economic hardship, the growing prevalence of Western culture, which many traditional Iranians found offensive, and the government's repressive security methods, resulted in mobilization and unification of opposition groups against the shah. Ayatollah Khomeini emerged as the leader of the unified anti-monarchist coalition and organized nationwide demonstrations, culminating in the overthrow of the Pahlavi dynasty in February 1979 and the return of Ayatollah Khomeini from exile. In March 1979 following a referendum Iran became a self-styled Islamic Republic.

Ayatollah Khomeini's platform of "neither West nor East" isolated Iran internationally. Furthermore, in November 1979 militant students seized the US embassy in Tehran and held 52 embassy personnel hostage for more than a year.

In September 1980, Iraqi forces invaded Iran, seeking control of the strategically important Shatt al-Arab waterway and territory around it. While supposedly remaining

neutral, the Western powers, together with many Arab states, assisted Iraq in an attempt to suppress Ayatollah Khomeini's radical brand of political Islam. The Iran-Iraq war ended only in August 1988, when Iran finally accepted a UN ceasefire resolution.

Ayatollah Khomeini died in June 1989 and the Assembly of Experts selected the then president, Ali Khamenei, as Ayatollah Khomeini's successor, rapidly promoting him to the clerical rank of ayatollah. Akbar Hashemi Rafsanjani won the presidential election in August of the same year.

These historical events continue to dominate both Iran's domestic and international politics: In June 2009, the US President Barack Obama in a speech in Cairo, Egypt talked about the United States' relationship with Iran, mentioning the role of the US in 1953 Iranian coup saying, "This issue has been a source of tension between the United States and the Islamic Republic of Iran. For many years, Iran has defined itself in part by its opposition to my country, and there is indeed a tumultuous history between us. In the middle of the Cold War, the United States played a role in the overthrow of a democratically elected Iranian government. Since the Islamic Revolution, Iran has played a role in acts of hostage-taking and violence against U.S. troops and civilians. This history is well known. Rather than remain trapped in the past, I have made it clear to Iran's leaders and people that my country is prepared to move forward."

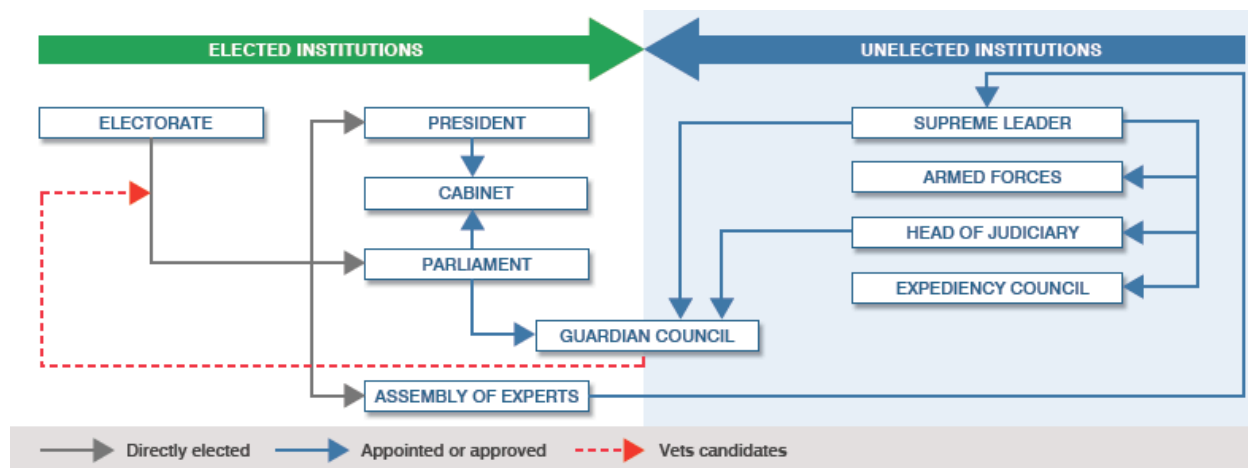
Institutions

Clientelism and Iran's political structure

The power structure of the Islamic Republic of Iran is clientelistic and is composed of many autonomous parallel groups formed based on patron-client bonds. The political structure of Iran is not constructed like a canopy, in which removing the central pole causes its collapse; rather, it is built on many independent, rival, parallel columns of power that hold the system together (Alamdari, 2005).

Instead of horizontal layers of classes, the power structures in both Shi'ism and clientelism are based on vertical columns of rival and autonomous groups, where traditional Shi'a institution of *Marja'iyat* (source of emulation) has come into conflict with an elected government (Alamdari, 2005).

The resulting political structure of Iran (see Flowchart 1) is fairly complex, given that it seeks to balance the exercise of “democracy,” as Iran holds frequent and regular elections, with the parallel system of unelected institutions designed to check both the executive and the legislative apparatus of the state. Iran’s dual power structure combines a supreme leader and a president. Ayatollah Ali Khamenei, who came to power in 1989 after the death of the founder of the Islamic Republic of Iran, Ayatollah Ruhollah Khomeini, holds the highest religious office. Mahmoud Ahmadinejad was re-elected president for a four-year term in June 2009. The most recent election for the Iranian parliament (*Majlis*) was held in March 2008.



Flowchart 1: Political structure of the Islamic Republic of Iran (Source: BBC, accessible at http://news.bbc.co.uk/2/hi/middle_east/8051750.stm#cabinet)

The complexity and ambiguities of Iran’s political system result from the constitution of 1979 (Chehabi 2001). The Islamic Revolution was carried out by a wide coalition of forces within Iranian society, not all of whom were Islamists. The post-

revolutionary regime combined Khomeini's theocratic ideas with republican institutions inherited and adapted from the constitution of 1906. Significantly, this basic law did not mandate rule by a single party, leaving room for the development of somewhat representative institutions on the one hand, and the emergence of multiple and competitive power centers on the other.

Unelected institutions that vet and arbitrate elected institutions of Iran's political structure include (EIU, 2008; BBC World Service, 2009):

Supreme Leader. The role of Supreme Leader in the constitution is based on the ideas of Ayatollah Khomeini, who positioned the leader at the top of Iran's political power structure. The Supreme Leader, currently Ayatollah Ali Khamenei, appoints the head of the judiciary, six of the members of the powerful Guardian Council, the commanders of all the armed forces, Friday prayer leaders and the head of radio and TV. He also confirms the president's election. The Leader is chosen by the clerics who make up the Assembly of Experts. Periodic tension between the office of the Leader and the office of the president has often been the source of political instability. It increased during former president reformist Mohammad Khatami's term in office - a reflection of the deeper tensions between religious rule and the democratic aspirations of many Iranians.



Ayatollah Khamenei, Supreme Leader

Armed Forces. The armed forces comprise the Islamic Revolutionary Guards Corps (IRGC) and the regular forces. The two bodies are under a joint general command. All leading army and IRGC commanders are appointed by the Supreme Leader and are answerable only to him. The IRGC was formed after the revolution to protect the new leaders and institutions and to fight those opposing the revolution. The IRGC has a powerful presence in other institutions, and controls volunteer militias with branches in

every town. The IRGC's influence within Iran continues to mount, as it now wields military, political, and economic power. The Ministry of the Interior may have passed a regulation in 2007 that formally incorporates the IRGC into the vetting process for political candidates, but regardless, the informal interference of the security force in elections remains influential. Former members of the IRGC, including Ahmadinejad, hold key positions within the government, and it has been awarded the right of first refusal for government contracts, some of which have been extremely lucrative.

The Guardian Council. The function for ensuring that the presidency and parliament conform to Iran's Islamic principles rests with the Guardian Council, a conservative vetting body. The Guardian Council consists of six Islamic clerics, appointed by the Supreme Leader, and six lay jurists, nominated by the judiciary and approved by parliament. Members are elected for six years on a phased basis, so that half the membership changes every three years. The Guardian Council has become, in effect, an upper house of parliament. The body has the right to vet all legislation passed by the Majlis, and to veto any laws that it judges non-compliant with Islamic law or Iran's constitution. The vague wording of the constitution affords it considerable discretionary power, which has been used by the conservatives that dominate the body to reject key pieces of reformist legislation. The Guardian Council also vets candidates standing for presidential elections, and is able to reject without right of appeal those it deems to be unqualified. This power allows conservatives enormous influence in elections.



Ayatollah Jannati, Chairman of the Guardian Council

The Expediency Council. The Expediency Council mediates disputes between the Guardian Council and the Majlis, and tends to rule on the side of the former. A former president, Akbar Hashemi Rafsanjani, took over as chairman of the Expediency Council when his second presidential term ended in 1997, and has used the post to ensure that he continues to command influence at the heart of the Islamic Republic. After the election of Mr Ahmadinejad as president in 2005, the Expediency Council was given an undefined “supervisory authority” over all three branches of government, which was assumed to include foreign affairs.



Former President Hashemi Rafsanjani, Chairman of the Expediency Council and Assembly of Experts

Assembly of Experts. The Assembly of Experts is an elected 86-member all-clerical body with the primary task of selecting the supreme leader and the members of the Guardian Council. The Assembly can also theoretically dismiss the supreme leader if he fails to meet specific criteria or becomes unable to execute his duties satisfactorily. Mr Rafsanjani was elected as head of the body in August 2007.

The Judiciary. Since the revolution in 1979, the Iranian judicial system has been based on Shari’a law. The court structure is broken into a number of components, including the Supreme Court, dozens of Revolutionary Courts, Public Courts and Courts of Peace. The supreme leader appoints the head of the judiciary for a period of five years. The incumbent, Ayatollah Mahmoud Hashemi Shahrudi, has been in the post since 1999 and is considered close to both Ayatollah Khamenei and Mr Ahmadinejad. The Iranian judiciary has never been independent of political influence. In recent years, the hardliners have used the judicial



Ayatollah Shahrudi, Head of Judiciary

system to undermine reforms by imprisoning reformist personalities and journalists and closing down reformist papers.

The elected institutions within Iran's political structure include:

President. The president is elected for four years and can serve no more than two consecutive terms. The constitution describes him as the second-highest ranking official in the country. He is head of the executive branch of power and is responsible for ensuring the constitution is implemented. In practice, however, the clerics and conservatives in Iran's power structure circumscribe presidential powers. It is the Supreme Leader, not the president, who controls the armed forces and makes decisions on security, defence and major foreign policy issues. The Guardian Council vets all presidential candidates. Mr Ahmadinejad is Iran's first president since 1981 who is not a cleric.



President Ahmadinejad

Cabinet. The president chooses members of the cabinet, or Council of Ministers. They must be approved by parliament. Parliament can also impeach ministers. The Supreme Leader is closely involved in defense, security and foreign policy, so his office also holds influence in decision-making. Conservatives heavily monitored reformist ministers under former President Khatami. The president or first vice-president, who is responsible for cabinet affairs, chairs the cabinet.

The Majlis. The 1979 constitution created a new 290 member Majlis, which for the first time



Ali Larijani, Majlis Speaker (Iran's former chief nuclear negotiator)

instilled the principle of universal suffrage. Its members are elected for four-year terms. Elections are held on a multi-member constituency basis, with candidates being vetted by the Guardian Council. Voters cast as many votes as there are Majlis seats allotted to their constituency. Although mainly responsible for ratifying legislation, the Majlis can also propose bills. However, all Majlis bills have to be approved by the conservative Guardian Council. The Majlis enjoys considerable political independence, largely because it cannot be dissolved by the executive. In addition to its legislative role, the Majlis is also empowered to vet ministerial candidates presented by the executive and can subsequently summon ministers to account for their behavior.

Party Families

Factional nature of Iranian politics

Rafsanjani, the former president and the current head of the Expediency Council, complained about the difficulties of moving beyond the multi-power government, saying: “In Iran many prefer to form bonds rather than political parties, because it leaves them unaccountable. In fact bonds operate in place of political parties” (Alamdari, 2005). And the bonds are best captured by the factional nature of Iranian politics.

The main factions are fundamentalists on one side and reformists, pragmatists on the other side of the political spectrum in Iran. All the factions fall within the pro-Islamic Republic sphere though their approaches to Islam are different. The most fundamental issue of conflict between the factions is the overlap between politics and religion. As pro-Islamic, the factions support the fusion of politics with religion. Nonetheless, various factions disagree about the extent and mechanisms of this fusion. (Seifzadeh, 2003).

Fundamentalists are representative of political Islam. They believe God has delegated his political sovereignty to the Supreme Leader, who is responsible for enforcing God's will on others. Therefore, instead of regarding democratic rule and Islam as the two fundamentals of the Islamic Republic, fundamentalists argue, “Islam and the Guardianship of Faqih are the two basic principles of the Islamic System,” rather than the Republic.

Reformists’ and pragmatists’ position is more rational and instrumental than ideological. Reformists and pragmatists (further jointly referred to as “reformists”) differentiate between the functions of the state and that of religion. According to them, Iran is a nation-state, established to maintain the security of the individual and the polity as a whole.

Political parties, banned last time in Iran in 1985, are now permitted to present candidates at elections, although they remain loose organizations. The new Majlis, elected in 2008, is dominated by the United Principlist Front (those that claim to follow the principles of the 1979 revolution). The Inclusive Front and the Participation Front (*Mosharekat*) are the main rival blocs:

United Principlist Front (EIU, 2009; Chatham House, 2008). The United Principlist Front (UPF) is a coalition of 11 conservative lists that is the dominant force in the new Majlis elected in March 2008. *Osulgaran* -- ‘Principlist’ is the Front’s name adopted by hardline Iranian conservatives as a reinterpretation of the Western term “fundamentalist.” UPF promoted presidency of Mahmoud Ahmadinejad as he best represents Principlists’ authoritarian vision for Iran. The faction tends towards an authoritarian interpretation of Islam and plays down the democratic elements in the constitution in favor of government by the elect. It has coalesced around the Supreme Leader Ayatollah Khamenei. Mr Ahmadinejad’s government relies on the UPF’s support, but this is far from total, given the reservations of some of its members about

the president's economic policies. The front's strong conservative undercurrents together with its innate dislike for the opposition reformist blocs ensure its close association with the hardline conservative government.

The Inclusive and Participation Fronts (EIU, 2009). A more assertive opposition, comprising both conservative opponents of the president who coalesced under the Inclusive Front, and reformist groups, such as the Participation Front, emerged following the parliamentary election, heralding a potentially more aggressive relationship between the executive and the legislature. These groups have strongly challenged the government's expansionary fiscal policies, which they blame for Iran's mounting inflationary troubles. The reformists, primarily, have also criticized Mr Ahmadinejad's tough rhetoric on the Islamic Republic's nuclear program, which they claim has exacerbated Iran's global isolation. However, given that the political system is generally skewed against reformist politicians (with election-vetting by the Guardian Council historically affecting reformist candidates more), their representation in the Majlis has been negligible since 2004.

International Influences

Although briefly occupied during the second world war by Soviet and British troops, Iran is one of only two countries in the Middle East that were never colonized (the other being Saudi Arabia). However, Iran has the longest shoreline in the oil-rich Gulf and is a vital land link between Asia, the Middle East and Europe. The country's geopolitical significance has long made it of central concern to the world's most powerful empires and a target for frequent political manipulation (EIU, 2009).

Disputed Iran's nuclear program

The most contentious area where Iran experiences significant international

pressures and has remained resilient to attempts to influence its position is the country's nuclear program. Iran maintains that it has no intention of producing nuclear weapons, which would not be in its interests and which have been ruled out in a solemn religious decision by the Supreme Leader. Iran links its nuclear program closely to its national independence and security. Its leaders have responded to international pressures by comparing resistance in the nuclear issue to resistance in the 'Holy Defence' (against Iraq in the war of the 1980s). They also consider Western countries' record on assisting nuclear development to be poor and argue that Iran should move towards full self-sufficiency (Chatham House, 2008).

Iran is pressing on with potentially dual-use fuel-cycle activities and with construction of its heavy water reactor at Arak, which could be used to produce plutonium for military purposes. Iran is in breach of UN Security Council Resolutions 1737, 1747 and 1803 – which required it to suspend this work as a prelude to negotiations and to satisfy the concerns of the International Atomic Energy Agency (IAEA) about suspected violations of Iran's non-proliferation obligations (Chatham House, 2008).

Talks between Iran and the world powers in Geneva on October 1, 2009 were the most positive in many years in helping to reduce international tension over the Islamic Republic's nuclear program, despite the fact that ahead of the talks, the US revealed, and Iran confirmed, that Iran has been building a second enrichment plant near the holy city of Qom. Iran was accused of breaching its international obligations by keeping the site secret (EIU, 2009).

The world powers, in particular through P5+1 (the five permanent members of the UN Security Council plus Germany) have either considered or employed various strategies to influence Iran's nuclear ambitions:

Regime change. Given Iran's current administration's hostility to the US and to Israel, regime change has been canvassed – particularly in Republican circles in the US – from 2000/03 when substantial US forces were present to Iran's east and west, in addition to US bases in Central Asia and the Indian Ocean, and the US naval presence in the Persian Gulf. Regime change would come closest to providing a guarantee that Iran would never build nuclear weapons. But no government sees this as a solution. It would take a land invasion and temporary occupation, which the United States will not undertake. So the dream of replacing the Islamic Republic with an alternative democratic government remains a dream. Most states, including EU member states, would go further in ruling this out, insisting that such decisions are for Iranians, not outsiders, to take and therefore that the practicalities do not need to be considered as it is a matter of principle (Chatham House, 2008).

The military option. Israel has the greatest reason to make effective plans for attacking Iranian nuclear facilities. There are reasons to doubt, however, whether the Israelis have the capability to make a lasting impression on the Iranian nuclear program with their military capabilities. President Bush insisted that the military option remained on the table, calculating that Iran would not negotiate seriously unless it knows that there is a genuine US red line. It is likely that the US will continue to prefer a diplomatic solution, while reserving the right to attack Iranian facilities, at least in the event of Iranian aggression or possession of a nuclear weapon. It will probably be able to hold Israel in check through further rounds of negotiations, provided the outcome is positive and likely to be achieved by the end of 2009 or mid-2010 (Chatham House, 2008).

Sanctions. The multilateral sanctions options are limited. The UN Security Council is only able at present to reiterate its previously expressed position to adopt limited phased sanctions on the basis of IAEA assessments of Iran's compliance. The measures, which have been adopted, remain weakly enforced, and Russia and China continue to

act as powerful brakes on any dramatic enhancement of sanctions. The EU wants a lead from the UN Security Council and is not united (Chatham House, 2008).

While sanctions appear to have had a minimal influence on Iran's nuclear policy, it is clear that they have had an impact on its economy and international business. Despite Iran's economic woes, there is no chance that such sanctions alone will dissuade it from pursuing its uranium enrichment program. European trade and investment are not essential for survival. Furthermore, the all-important oil price may stay in the range OPEC intends, between \$60 and \$90 p/b. It would be wrong, therefore, to assume that increasing the pressure, using the limited means currently open to the P5+1 collectively and the US unilaterally, would bring to the fore a pragmatic centre in Iran willing to suspend enrichment (Chatham House, 2008).

Diplomacy. Diplomatic efforts are focused on negotiating an agreement with Iran, including restrictive measures and intrusive monitoring, that would minimize the likelihood of Iran's choosing to make bombs, or having the materials to do so. In such an agreement, Iran would receive important advantages enabling it to strengthen its economy (Chatham House, 2008).

The Economist Intelligence Unit forecasts that further sanctions in the short term are unlikely. The likelihood of further sanctions against Iran, particularly those targeting its petrol imports lessened following the meeting between Iran and the P5+1 in Geneva. The US House of Representatives nonetheless passed a bill threatening to ban from the US market any company supplying the Islamic Republic with petroleum products. Proponents of further sanctions continue to argue that these should be applied if Iran fails to suspend its nuclear program quickly, as demanded by three Security Council resolutions. Iran is deemed particularly vulnerable to sanctions on petrol imports, owing to its high domestic consumption encouraged by cheap, subsidized fuel (EIU, 2009).

Despite the hardening of Iran's nuclear stance, its leadership remains sensitive to popular opinion, which appears to want a peaceful resolution of the nuclear dispute. The Iranian administration seems to be testing the diplomatic waters with the US, with which Iran has had an exceptionally difficult relationship since the 1979 Islamic revolution. The Economist Intelligence Unit concludes that following the election of Barack Obama as US president, Iran appears more receptive to the idea of direct diplomatic talks with the US. Despite Mr Obama's apparent willingness to engage with and reach out to the Iranian leadership and people, the depth of animosity between the two countries, and the internal pressures not to concede too much to the other, is likely to mean that there will be only halting progress towards rapprochement (EIU, 2009).

Ownership

Most economic activity in Iran is controlled by the state. Private sector activity is typically limited to small-scale workshops, farming, and services (CIA World Factbook). As a rentier state permeated by clientelism, the oil, gas and other natural resources revenues accrue directly to the state and get managed by political and religious élites.

The government has a target of privatizing some 20 percent of state-owned firms each year, but has been reluctant to pursue the policy. The Economist Intelligence Unit indicates that some local economists have criticized the privatization program—originally launched under the government of former president, Mohammed Khatami—for merely transferring assets from state ownership to quasi-state ownership or to vested interests with links within the state sector. As an example, the sale in late September, 2009 of a 50 percent stake (plus one share) in the state-owned Telecommunication Company of Iran (TCI), which was the largest in the history of the Tehran Stock Exchange (TSE), raised eyebrows nationally and internationally given the

poor state of capital markets and the global economic slowdown. The sale to an Iranian consortium was portrayed internationally, and to a lesser extent inside Iran itself, as a pre-arranged deal to extend the control of the Islamic Revolutionary Guards Corps (IRGC). Telecoms are a critical sector for security. If the IRGC is, therefore, involved in the TCI deal, it would make sense from both a commercial and security perspective. The Economist Intelligence Unit admits though that it is inevitably difficult to establish whether the growing economic role of the IRGC reflects a central plan or is the result of disparate groups, many with links to the IRGC, jockeying for position.

Due to clientelism, patron-client types of organizations are prevalent in Iran. The patron-client organizations are preferred as they officially receive budgets or privileges from the government. Easy access to allocated oil revenue and unchecked trade activities have provided some religiously privileged groups with unique opportunities to form autonomous politico-economic bonds. More than 60 percent of Iran's foreign trade takes place outside government administrative rule (Alamdari, 2005). Some of these groups have been involved directly in foreign trades owning their own ships and ports that bypass the customs department and that are guarded by their own armed men. As another example, a charity foundation, the Imam Charity Committee (ICC), has built a financial empire using state budget money and private donations and has secured a strong political base for conservative groups. The ICC not only benefits from multibillion-dollar public donations, which it collects in thousands of donation boxes placed in every corner of the cities—even inside private homes—but also receives the fourth largest share of the government's annual budget after the Ministry of Defence, police forces, and the Islamic Revolutionary Guard Corps (IRGC). The budget allocated to the ICC is larger than the budgets of the Majlis and the ministries of Justice, Foreign Affairs, and Islamic Culture and Guidance combined. Yet, despite receiving a huge state budget, the ICC is fully independent and free from government control or monitoring. It plays a crucial role in Iranian politics, including mobilizing the poor and needy behind the conservative candidates in elections.

Conclusions

Iran is definitely distinct as a state and a polity due to numerous dualities and paradoxes fused within one country: traditional and secular-rational values; nation-state and Islam forms; theocracy with a written constitution; authoritarian regime with regular elections where people have genuine though limited choice; the regime born out of mass mobilization that suppresses opposition demonstrations; fundamentalists and reformists; elected and non-elected political institutions; insiders and outsiders; old generation of political and religious establishment, vested in Iran's revolutionary past, and cosmopolitan young generation of Iranians looking forward to Iran, fully integrated into the international community; middle-income country but essentially non-democratic; patrons and clients; peaceful nuclear energy vs. nuclear weapons; state control of the economy and 60 percent of Iran's foreign trade taking place outside government administrative rule.

The Islamic Republic of Iran is founded on a dual legitimacy, religious and political, and has triggered politicization of religion and Iranization of supranational Shi'ism. The fusion of religion and politics is what defines the Islamic Republic of Iran thus making Iran's culture the key variable of Iran's "political equation."

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