that many felt that he, rather than Khomeini, was the true theorist of the Islamic Revolution.

In recent decades, life has improved for most Iranians. On the whole, the poor in Iran are better off now than their parents had been before the founding of the Islamic Republic. By the late 1990s, most independent farmers owned radios, televisions, refrigerators, and pickup trucks. The extension of social services narrowed the gap between town and country and between the urban poor and the middle classes. The adult literacy rate grew from 50 percent to 83 percent, and by 2000 the literacy rate among those in the six to twenty-nine age range hit 97 percent. The infant mortality rate fell from 104 per 1,000 in the mid-1970s to 30 per 1,000 in 2009. Life expectancy climbed from fifty-five years in 1979 to sixty-eight in 1993 and further to over seventy in 2009—one of the best in the Middle East. The UN estimates that by 2000, 94 percent of the population had access to health services and 95 percent to safe water.

The Islamic Republic also made major strides toward population control. At first, it closed down birth control clinics. But it reversed direction once the ministries responsible for social services felt the full impact of this growth. In 1989, the government declared that Islam favored healthy rather than large families and that one literate citizen was better than ten illiterate ones. It reopened birth control clinics, cut subsidies to large families, and announced that the ideal family should consist
of no more than two children. It even took away social benefits from those having more than two children. By 2003, population growth had fallen to 1.2 percent a year; and by 2005 to 0.66 percent.

**Iran in the Global Economy**

The integration of Iran into the world system began in the latter half of the nineteenth century. Several factors account for this integration: concessions granted to the European powers; the Suez Canal and the Trans-Caspian and the Batum-Baku railways; telegraph lines across Iran linking India with Britain; the outflow of capital from Europe after 1870; and, most important, the Industrial Revolution in Europe and the subsequent export of European manufactured goods to the rest of the world. In the nineteenth century, Iran’s foreign trade increased tenfold.

Economic dependency resulted, a situation common in much of the Third World. Less-developed countries become too reliant on developed countries; poorer nations are vulnerable to sudden fluctuations in richer economies and dependent on the export of raw materials, whose prices often stagnate or decline, while prices for the manufactured products they import invariably increase.

Cash crops, especially cotton, tobacco, and opium, reduced the acreage for wheat and other edible grains in Iran. Many landowners stopped growing food and turned to commercial export crops. This led to disastrous famines in 1860, 1869–1872, 1880, and 1918–1920.

Furthermore, many local merchants, shopkeepers, and workshop owners in the bazaars now formed a national propertied middle class aware of their common interests against both the central government and the foreign powers. This new class awareness played an important role in Iran’s constitutional revolution of 1905.

Under the shah, Iran became the second-most-important member (after Saudi Arabia) of the Organization of Petroleum Exporting Countries (OPEC); Iran could cast decisive votes for raising or moderating oil prices. At times, the shah curried Western favor by moderating prices. At other times, he pushed for higher prices to finance his ambitious projects and military purchases. These purchases rapidly escalated once President Richard Nixon began to encourage U.S. allies to take a greater role in policing their regions. Moreover, Nixon’s secretary of state, Henry Kissinger, argued that the United States should finance its ever-increasing oil imports, by exporting more military hardware to the Persian Gulf. Arms dealers joked that the shah read their technical manuals the same way that some men read *Playboy*. The shah’s arms buying from the United States jumped from $135 million in 1970 to a peak of $5.7 billion in 1977.

This military might gave the shah a reach well beyond his immediate boundaries. Iran occupied three small but strategically located Arab islands in the Strait of
Hormuz, thus controlling the oil lifeline through the Persian Gulf but also creating distrust among his Arab neighbors. The shah talked of establishing a presence well beyond the Gulf on the grounds that Iran’s national interests reached into the Indian Ocean.

In the mid-1970s, the shah dispatched troops to Oman to help the local sultan fight rebels. He offered Afghanistan $2 billion to break its then close ties with the Soviet Union, a move that probably prompted the Soviets to intervene militarily in that country. A U.S. congressional report summed up: “Iran in the 1970s was widely regarded as a significant regional, if not global, power. The United States relied on it, implicitly if not explicitly, to ensure the security and stability of the Persian Gulf sector and the flow of oil from the region to the industrialized Western world of Japan, Europe, and the United States, as well as to lesser powers elsewhere.”

These vast military expenditures, as well as the oil exports, tied Iran closely to the industrial countries of the West and to Japan. Iran was now importing millions of dollars’ worth of rice, wheat, industrial tools, construction equipment, pharmaceuticals, tractors, pumps, and spare parts, the bulk of which came from the United States. Trade with neighboring and other developing countries was insignificant.

The oil revenues thus had major consequences for Iran’s political economy, all of which paved the way for the Islamic Revolution. They allowed the shah to pursue ambitious programs that inadvertently widened class and regional divisions within the dual society. They drastically raised public expectations without necessarily meeting them. They made the rentier state independent of society. Economic slowdowns in the industrial countries, however, could lead to a decline in their oil demands, which could diminish Iran’s ability to buy such essential goods as food, medicine, and industrial spare parts.

One of the major promises made by the Islamic Revolution was to end this economic dependency on oil and the West. The radical followers of Ayatollah Khomeini, the founder of the Islamic Republic, once denounced foreign investors as imperialist exploiters and waxed eloquent about economic self-sufficiency.

But in 2002, Iran contemplated a dramatically new law permitting foreigners to own as much as 100 percent of any firm in the country, to repatriate profits, to be free of state meddling, and to have assurances against both arbitrary confiscations and high taxation. To maintain production, Iran needs new deep-drilling technology that can be found only in the West. This goes a long way toward explaining why the regime now is eager to attract foreign investment and to rejoin the world economy.

**Summary**

It has often been said that oil is a resource curse of the producing countries. It has been blamed for creating “rentier states,” “dual societies,” autocratic governments, unpredictable budgets, and retardation of other economic activities. Although this may be true in some parts of the world, in Iran oil has been the main engine driving state development and social modernization. It is mainly due to oil that Iran enters the twenty-first century with a strong state and a fairly modernized society in which almost all citizens have access to schools, medical clinics, modern sanitation, piped water, electricity, radios, televisions, and basic consumer goods.
Organization of the State

The political system of the Islamic Republic of Iran is unique. It is a theocracy with important democratic features. It is a theocracy (from the Greek, “divine rule”) because the religious clerics control the most powerful political positions. But the system also contains elements of democracy with some high government officials, including the president, elected directly by the general public. All citizens, both male and female, over the age of eighteen have the right to vote.

The state rests on the Islamic constitution implemented immediately after the 1979 revolution and amended between April and June 1989 during the last months of Khomeini’s life by the Council for the Revision of the Constitution, which was handpicked by Khomeini himself. The final document is a highly complex mixture of theocracy and democracy.

The preamble affirms faith in God, Divine Justice, the Qur’an, the Day of Judgment, the Prophet Muhammad, the Twelve Imams, the eventual return of the Hidden Imam (the Mahdi), and, of course, Khomeini’s doctrine of jurist’s guardianship that gives supreme power to senior clergy. All laws, institutions, and state organizations must conform to these “divine principles.”

The Executive

The Leader and Major Organizations of Clerical Power

The constitution named Khomeini to be the Leader for Life on the grounds that the public overwhelmingly recognized him as the “most just, pious, informed, brave, and enterprising” of the senior clerics—the grand ayatollahs. It further described him as the Leader of the Revolution, the Founder of the Islamic Republic, and, most important, the Imam of the Muslim Community. It stipulated that if no single Leader emerged after his death, then all his authority would be passed on to a leadership council of senior clerics.

After Khomeini’s death, however, his followers distrusted the other senior clerics so much that they did not set up such a council. Instead, they elected one of their own, Ali Khamenei, a middle-ranking cleric, to be the new Leader. The Islamic Republic has often been described as a regime of the ayatollahs (high-ranking clerics). It could be more aptly called a regime of the bojjat al-’Islams (middle-ranking clerics), since few senior clerics want to be associated with it. None of the grand ayatollahs and few of the ordinary ayatollahs subscribed to Khomeini’s notion of jurist’s guardianship. In fact, most disliked his radical populism and political activism.

The constitution gives wide-ranging powers to the Leader, who is elected by the eighty-six member Assembly of Experts. As the vital link between the three branches of government, he can mediate between the legislature, the executive, and the judiciary. He can “determine the interests of Islam,” “supervise the implementation of general policy,” and “set political guidelines for the Islamic Republic.” He can eliminate
FIGURE 13.3 The Islamic Constitution
The general public elects the Majles, the president, and the Assembly of Experts. But the Leader and the Guardian Council decide who can compete in these elections.

presidential candidates and dismiss the duly elected president. He can grant amnesty. As commander-in-chief, he can mobilize the armed forces, declare war and peace, and convene the Supreme Military Council. He can appoint and dismiss the commanders of Revolutionary Guards as well as those of the regular army, navy, and air force.

The Leader has extensive power over the judicial system. He can nominate and remove the chief judge, the chief prosecutor, and the revolutionary tribunals. He can dismiss lower court judges. He also nominates six clerics to the powerful twelve-man Guardian Council, which can veto parliamentary bills. It has also obtained (through separate legislation) the right to review all candidates for elected office, including the presidency and the national legislature, the Majles. The other six members of the Guardian Council are jurists nominated by the chief judge and approved by the Majles. Furthermore, the Leader appoints the powerful Expediency Council, which has the authority to resolve differences between the Guardian Council and the Majles (the legislature) and to initiate laws on its own.
The Leader also fills a number of important nongovernment posts: the preachers (Imam Jum'ehs) at the main city mosques, the director of the national radio-television network, and the heads of the main religious endowments, especially the Foundation of the Oppressed (see below). By 2001, the Office of the Leader employed over six hundred in Tehran and had representatives in most sensitive institutions throughout the country. The Leader has obtained more constitutional powers than the shah ever dreamed of.

The Assembly of Experts is elected every eight years by the general public. Its members must have an advanced seminary degree, so it is packed with clerics. The Assembly has the right to oversee the work of the Leader and to dismiss him if he is found to be “mentally incapable of fulfilling his arduous duties.” It has to meet at least once a year. Its deliberations are closed. In effect, the Assembly of Experts has become a second chamber to the Majles, the parliament of the Islamic Republic.

The Government Executive

The constitution of the Islamic Republic reserves important executive power for the president. The president is described as the highest state official after the Leader. The office is filled every four years through a national election. If a candidate does not win a majority of the vote in the first round of the election, a run-off chooses between the two top vote-getters. The president cannot serve more than two terms.

The constitution says the president must be a pious Shi'i faithful to the principles of the Islamic Republic, of Iranian origin, and between the ages of 25 and 75. The president must also demonstrate “administrative capacity and resourcefulness” and have “a good past record.” There has been some dispute about whether the language used in the constitution restricts the presidency to males.

The president has the power to

- Conduct the country’s internal and external policies, including signing all international treaties, laws, and agreements;
- Chair the National Security Council, which is responsible for defense matters;
- Draw up the annual budget, supervise economic matters, and chair the state planning and budget organization;
- Propose legislation to the Majles;
- Appoint cabinet ministers, with a parliamentary stipulation that the minister of intelligence (the state security agency) must be from the ranks of the clergy;
- Appoint most other senior officials, including provincial governors, ambassadors, and the directors of some of the large public organizations, such as the National Iranian Oil Company, the National Electricity Board, and the National Bank.

Iran has no single vice president. Instead the president may select “presidential deputies” to help with “constitutional duties.” There are currently ten such vice presidents.
Ayatollah Ali Khamenei

Ali Khamenei succeeded Khomeini as Leader in 1989. He was born in 1939 in Mashed into a minor clerical family originally from Azerbaijan. He studied theology with Khomeini in Qom and was briefly imprisoned by the shah’s regime in 1962. Active in the antishah opposition movement in 1978, he was given a series of influential positions immediately after the revolution, even though he held only the middle-level clerical rank of hujjat al-Islam. He became Friday prayer leader of Tehran, head of the Revolutionary Guards, and, in the last years of Khomeini’s life, president of the republic. After Khomeini’s death, he was elevated to the rank of Leader even though he was neither a grand ayatollah nor a recognized senior expert on Islamic law. He had not even published a theological treatise. The government-controlled media, however, began to refer to him as an ayatollah. Some ardent followers even referred to him as a grand ayatollah qualified to guide the world’s whole Shi‘i community. After his elevation, he built a constituency among the regime’s more diehard elements: traditionalist judges, conservative war veterans, and antiliberal ideologues. Before 1989, he often sported a pipe in public, a mark of an intellectual, but gave up the habit upon becoming Leader.

One is designated as the “first vice president.” The others have specific responsibilities, such as presiding over the national atomic energy organization or veterans’ affairs. One is a woman. She has a Ph.D. in geology and is in charge of environmental policy.

Khomeini often promised that trained officials would run the executive branch in the Islamic Republic, but clerics—also called mullahs—have, in fact, dominated the presidency. Of the five presidents since the revolution, three have been clerics: Khamenei, Rafsanjani, and Khatami. The first president, Abol-Hassan Bani-Sadr, a lay intellectual was ousted in 1981 precisely because he denounced the regime as “a dictatorship of the mullahatariat,” comparing it to a communist-led “dictatorship of the proletariat.” Bani-Sadr’s successor, who also was not a mullah, was assassinated shortly after taking office. The current president, Ahmadinejad, is not a cleric, but has strong support among ultra-conservative clerics.

The Bureaucracy

As chief of the executive branch of the government, the president heads a huge bureaucracy. In fact, this bureaucracy continued to proliferate after the revolution, even though Khomeini had often criticized the shah for having a bloated government. It expanded, for the most part, to provide jobs for the many college and high school graduates. On the eve of the revolution, the state ministries had 300,000 civil servants and 1 million employees. By the early 1990s, they had over 600,000 civil servants and 1.5 million employees.

Among the most important ministries of the Islamic Republic are Culture and Islamic Guidance, which has responsibility for controlling the media and enforcing “proper conduct” in public life; Intelligence, which has replaced the shah’s dreaded SAVAK as the main security organization; Heavy Industries, which manages the nationalized factories; and Reconstruction, which has the dual task of expanding social services and taking “true Islam” into the countryside. Its mission is to build bridges, roads, schools, libraries, and mosques in the villages so that the peasantry will learn the basic principles of Islam. “The peasants,” declared one cleric, “are so ignorant of true Islam that they even sleep next to their unclean sheep.”

The clergy dominate the bureaucracy as well as the presidency. They have monopolized the most sensitive ministries—Intelligence, Interior, Justice, and Culture and Islamic Guidance—and have given posts in other ministries to relatives and protégés.
These ministers appear to be highly trained technocrats, sometimes with advanced degrees from the West. In fact, they are often fairly powerless individuals dependent on the powerful clergy—chosen by them, trusted by them, and invariably related to them.

**Other State Institutions**

**The Judiciary**

The constitution makes the judicial system the central pillar of the state, overshadowing the executive and the legislature. But it also gives wide-ranging judicial powers to the Leader in particular and to the clerical strata in general. Laws are supposed to conform to the religious law, and the clergy are regarded as the ultimate interpreters of
the shari’a. Bills passed by the Majles are reviewed by the Guardian Council to ensure that they conform to the shari’a. The minister of justice is chosen by the president but needs the approval of both the Majles and the chief judge.

The judicial system itself has been Islamized down to the district-court level, with seminary-trained jurists replacing university-educated judges. The Pahlavis purged the clergy from the judicial system; the Islamic Republic purged the university educated.

The penal code, the Retribution Law, is based on a reading of the shari’a that was so narrow that it prompted many modern-educated lawyers to resign in disgust, charging that it contradicted the United Nations Charter on Human Rights. It permits injured families to demand blood money on the biblical and Qur’anic principle of “an eye for an eye, a tooth for a tooth, a life for a life.” It mandates the death penalty for a long list of “moral transgressions,” including adultery, homosexuality, apostasy, drug trafficking, and habitual drinking. It sanctions stoning, live burials, and finger amputations. It divides the population into male and female and Muslims and non-Muslims and treats them unequally. For example, in court, the evidence of one male Muslim is equal to that of two female Muslims. The regime also passed a “law on banking without usury” to implement the shari’a ban on all forms of interest taking and interest giving.

Although the law was Islamized, the modern centralized judicial system established under the shah was not dismantled. For years, Khomeini argued that in a truly Islamic society, the local shari’a judges would pronounce final verdicts without the intervention of the central authorities. Their verdicts would be swift and decisive. This, he insisted, was the true spirit of the shari’a. After the revolution, however, he discovered that the central state needed to retain ultimate control over the justice system, especially over life and death issues. Thus, the revolutionary regime retained the appeals system, the hierarchy of state courts, and the power to appoint and dismiss all judges. State interests took priority over the spirit of the shari’a—although religious authorities have ultimate control over the state.

Practical experience led the regime to gradually broaden the narrow interpretation of the shari’a. To permit the giving and taking of interest, without which modern economies would not function, the regime allowed banks to offer attractive rates as long as they avoided the taboo term usury. To meet public sensitivities as well as international objections, the courts rarely implemented the harsh penalties stipulated by the shari’a. They adopted the modern method of punishment, imprisonment, rather than the traditional one of corporal public punishment. By the early 1990s, those found guilty of breaking the law were treated much as they would be in the West: fined or imprisoned rather than flogged in the public square. Those found guilty of serious crimes, especially murder, armed violence, terrorism, and drug smuggling were often hanged. Iran, after China, has the highest number of executions per year, and the highest per capita executions in the world.

The Military

The clergy have taken special measures to control Iran’s armed forces—both the regular army of 370,000, including 220,000 conscripts, and the new forces formed of 120,000 Revolutionary Guards established immediately after 1979, and 200,000 volunteers in the Mobilization of the Oppressed (Baseej-e Mostazafin), a volunteer militia created during the Iraqi war. The Leader, as commander-in-chief, appoints the chiefs of staff as well as the top commanders and the defense minister. He also
places chaplains in military units to watch over regular officers. These chaplains act very much like the political commissars who once helped control the military in the Soviet Union.

After the revolution, the new regime purged the top ranks of the military, placed officers promoted from the ranks of the Revolutionary Guards in command positions over the regular divisions, and built up the Revolutionary Guards as a parallel force with its own uniforms, budgets, munitions factories, recruitment centers, and even small air force and navy. According to the constitution, the regular army defends the external borders, whereas the Revolutionary Guards protect the republic from internal enemies.

Political sentiments within the regular military remain unknown, if not ambivalent. In recent years, the Baseej have been placed under the authority of the Revolutionary Guards. Although the military, especially the Revolutionary Guards, form an important pillar of the Islamic Republic, they consume only a small percentage of the annual budget. In fact, the republic spends far less on the armed forces than did the Shah—and also far less than many other states in the region, including Israel, Turkey, Pakistan, Saudi Arabia, and the Gulf sheikhdoms.

Subnational Government

Although Iran is a highly centralized unitary state, it is divided administratively into provinces, districts, subdistricts, townships, and villages. Provinces are headed by governors-general, districts by governors, subdistricts by lieutenant governors, towns by mayors, and villages by headmen.

The constitution declares that the management of local affairs in every village, town, subdistrict, district, and province will be under the supervision of councils whose members would be elected directly by the local population. It also declares that governors-general, governors, and other regional officials appointed by the Interior Ministry have to consult local councils.

Because of conservative opposition, no steps were actually taken to hold council elections until 1999 when Khatami, the new reform-minded president, insisted on holding the country’s very first nationwide local elections. Over 300,000 candidates, including 5,000 women, competed for 11,000 council seats—3,900 in towns and 34,000 in villages. Khatami’s supporters won a landslide victory taking 75 percent of the seats, including twelve of the fifteen in Tehran. The top vote getter in Tehran was Khatami’s former interior minister, who had been impeached by the conservative Majles for issuing too many publishing licenses to reform-minded journals and newspapers. Conservatives did well in the 2008 local elections, due largely to widespread voter abstention, but moderates and reformers made a comeback in 2006 when the turnout was about 60 percent of voters. With the 2009 crackdown on the Green Movement it is not clear what will happen in future local elections.

Semipublic Institutions

The Islamic Republic has set up a number of semipublic institutions. They include the Foundation of the Oppressed, the Alavi Foundation (named after Imam Ali), the Martyrs Foundation, the Pilgrimage Foundation, the Housing Foundation, the Foundation for the Publication of Imam Khomeini’s Works, and the Fifteenth of Khordad Foundation, which commemorates the date (according to the Islamic calendar) of Khomeini’s 1963 denunciation of the Shah’s White Revolution. Although