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Hybrid Regime and Rentier State: Democracy or Authoritarianism in Iran?

Abstract

This paper aims to show that authoritarianism was elevated with the establishment of a rentier state in Iran. Despite several attempts to undergo democratization, the Islamic Republic of Iran was ultimately established in 1979. Although there are numerous possibilities of an emerging authoritarianism due to the disadvantages of a rentier state, there is an argument which refuses to consider the Iranian regime as authoritarian. According to this idea, political party activists and also the election system have prevented the rise of authoritarianism in the country. Thus, the Iranian regime can be considered a hybrid regime. In understanding this idea, with attention given to the theory of hybrid regimes, the present research attempts to analyze the political factors that signify authoritarianism and also democracy in the political structure of the Iranian government.

Introduction

Hossien Mahdavi (1970)[1] considers rentier states as those states that receive, on a regular basis, substantial amounts of petro-dollars as an external rent. External rents are in turn defined as rentals paid by foreign individuals, concerns or governments of a given country. Mahdavi believes that massive amounts of foreign currency and credit, generated by petroleum development, flooded into the state coffers and turned at least some oil-producing countries into rentier states. The problem is that the oil revenues received by the governments of the oil exporting countries have very little to do with production processes of their domestic economies and the inputs from the local economies.

Consequently, distributing rents is the main function of rentier states. In addition, the rents empower the state and break linkages between the people and the state, making rentier states independent from society. It must be considered that rentier states are likely to tax their populations less heavily and in most cases taxation is low. Therefore, the rentier state maximizes its power via the strength of its authority and its dependency on oil revenue. In other words, oil revenue is the source of a rentier state's power both domestically and globally. This makes rentier states autonomous from society, societal demands, and political accountability and transparency. Thus, it can be seen that an authoritarianism regime is one product of a rentier state.

In the case of Iran, oil income accounts for 50% of the national budget and is the main source of the government's budget. Iran holds some of the world's largest deposits of proven oil and natural gas reserves, ranking it the world's fourth-largest and second-largest reserve holder of oil and natural gas, respectively. Iran also ranks among the world's top 10 oil producers and top 5 natural gas producers. Iran produced almost 3.4 million barrels per day (b/d) of petroleum and other liquids in 2014 and an estimated 5.7 trillion cubic feet (Tcf) of dry natural gas in 2013.[2]

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[1] Hossein Mahdavi, 'The Patterns and Problems of Economic Development in Rentier States: The Case of Iran', in *Studies in the Economic History of the Middle East*, M.A. Cook (ed.), Oxford: Oxford University Press, 1970, pp. 428–467.

[2] U.S. Energy Information Administration, http://www.eia.gov/beta/international/analysis.cfm?iso=IRN (accessed 5 July 2015).

In 1979, the Pahlavi regime ended, but the disadvantages of the rentier state have remained. Since the revolution, the state has held multiparty elections, but the persistence of authoritarian forms of rule in different sectors has remained. Thus, a question is raised as to whether the Iranian state is still authoritarian or not. To understand this issue, on the basis of accepted theories of hybrid regimes, the structure of political systems and state policies in these sectors will be analyzed.

The Theory of Hybrid Regimes

"Hybrid regimes" is a term employed by scholars to describe new regimes, most of which emerged during the 1960s and the 1970s. Considering the resiliency of a few pre-war regimes, the failure of many democracies in Latin America, and the political evolutions of many newly independent countries in Asia and Africa, scholars focused their efforts on grasping the origins and nature of the emerging regimes. These regimes, despite holding multiparty elections, still demonstrate a persistence of authoritarian forms of rule and thus pose significant challenges for typological classification. As a result of this dilemma, scholars have created a host of concepts to capture the mixed, or "hybrid", nature of these regimes. Hybrid regimes, simply defined, are states that can neither be labelled as wholly democratic or wholly authoritarian.[3]

The products of hybrid regimes have been classified in two forms: variants of democracy or authoritarianism. While the first approach stresses the democratic nature of hybrid regimes, the second emphasizes their authoritarian form of rule despite the 'guise' of democratic institutions.[4] This is because these countries may have a multi-party system and regular elections but there is a problem with developed law or political liberties for instance. This is due to the fact that some elements which are associated with democracy and are easier to be established in the shorter term, such as elections, exist in these countries, but other elements such as the rule of law, which is dependent on deeper structures and needs a longer term to become established, do not. In this situation there is a possibility of unfree or unfair elections. Based on statistical analysis, there were multiparty elections in 135 countries with authoritarian regimes during the period 1975–2000, which neither support nor threaten these regimes.[5]

Therefore, in distinguishing between democracies with authoritarianism a minimal definition can be established whereby all regimes that have at least the following characteristics should be regarded as democratic: a) universal suffrage, both male and female; b) free, competitive, recurrent and fair elections; c) the existence of more than one party; d) different and alternative forms of media.[6] Based on these factors, the type of regime in question does not fulfil the minimum requirements of a democracy – in other words, it does not meet all the more immediately controllable and empirically essential conditions that make it possible to establish a threshold above which a regime cannot be considered democratic. They are non-democratic because they do not meet standard pro-

[2] Andrea Cassani, 'Hybrid what? The contemporary debate on hybrid regimes and the identity question', XXVI Convegno SISP, 13–15 September 2012, http://www.sisp.it/files/papers/2012/andrea-cassani-1445.pdf (accessed 10 July 2015)

[4] Leah Gilbert and Payam Mohseni, 'Beyond Authoritarianism: The Conceptualization of Hybrid Regimes', *Studies in Comparative International Development*, Vol. 46, September 2011, p. 272.

[5] See: Jason Brownlee, *Authoritarianism in an Age of Democracy*, Cambridge: Cambridge University Press, 2007.

[6] Leonardo Morlino, 'Hybrid Regimes or Regimes in Transitions', Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE), 2007, http://fride.org/download/WP70-Hybrid_regimes_ENG_sep08.pdf (accessed 6 January 2015).

cedural minimum criteria for democracy. In these countries, elections are often unfair and basic civil and democratic rights are often violated. However, they differ from full-blown autocracies in that incumbents are unable (or unwilling) to eliminate meaningful democratic institutions and consolidate authoritarian rules of the game. Thus, even though formal democratic rules are not systematically enforced or adhered to, they are nevertheless taken seriously and may be used by opposition groups to contest power. These types of regimes have been considered as a competitive authoritarianism.[7]

Steven Levitsky and Lucan A. Way in their work, 'Competitive Authoritarianism: Hybrid Regime Change in Peru and Ukraine in Comparative Perspective' have introduced competitive authoritarian regimes resulting from hybrid regime transitions. According to them, "competitive authoritarian regimes are regimes in which formal democratic rules exist and are taken seriously, but in which incumbents violate those rules with such frequency, and to such a degree, that they cannot be labelled democratic".[8]

In reviewing the possibilities of the emergence of a competitive authoritarian regime, Levitsky and Way have considered competitive authoritarianism regimes as the product of three distinct regime paths. One path is the decay of a full-blown authoritarian regime, due to the weakness of pro-democratic forces. In this situation the transition falls short of full democracy, and incumbents are able to maintain themselves in power by manipulating or selectively adhering to the new democratic rules. A second path to competitive authoritarianism is the decay of a democratic regime. In these cases, deep and often longstanding political and economic crises create conditions under which elected governments undermine democratic institutions – via either a presidential 'self-coup' or selective, incremental abuses – but lack the capacity to eliminate democratic institutions entirely. A third path to competitive authoritarianism is the collapse of an authoritarian regime and its replacement by a competitive authoritarian regime. In these cases, weak electoral regimes emerge, more or less by default, in the wake of the old regime's collapse. Although the absence of strong democratic traditions, institutions and civil societies create opportunities for elected governments to rule autocratically, these governments lack the capacity to consolidate authoritarian rule.[9]

Levitsky and Way talk about competitive authoritarianism as a product of hybrid regime, while emphasizing competitive elections, Leah Gilbert and Payam Mohseni have classified hybrid regimes in three different subtypes. They are all similar in that they hold competitive elections. They differ based on their particular arrangement of non-democratic attributes, such as low civil liberties and/or tutelary institutions. The first subtype is the "illiberal hybrid regime", which is the most similar type to Levitsky and Way's concept of competitive authoritarianism. The regimes hold competitive multiparty elections. The second subtype is the "illiberal tutelary hybrid regime". The regimes are competitive, illiberal and have tutelary institutions. The third subtype is the "tutelary hybrid regime". While the regimes broadly protect civil liberties and have competitive elections, tutelary institutions interfere in politics.[10] These arguments can be used to understand what characterizes the Iranian state and its direction to variants of democracy or authoritarianism.

[7] Steven Levitsky and Lucan A. Way, 'Competitive Authoritarianism: Hybrid Regime Change in Peru and Ukraine in Comparative Perspective', the Annual Meetings of the American Political Science Association, San Francisco, CA, 30 August – 2 September, 2001, p. 1.

[8] Ibid, p. 3.

[9] Ibid, p. 4.

[10] Gilbert and Mohseni, 'Beyond Authoritarianism…', pp. 291–292.

Formation of Rentier State and Authoritarian Regime in Iran (1973–1979)

The years 1973 to 1976 saw a rentier state with economic and political characters formed in Iran. It started with the 'first oil shock'[11] which led to rises in oil prices and a substantial increase in Iran's oil revenue amounting to 18.5 billion USD in 1974 and 19 billion USD in 1975–1976, an eightfold increase from the 1972 figure. The country's Fifth Development Plan (21 March 1973 to 21 March 1978) indicated that the oil sector alone would fetch 102 billion USD in foreign exchange of total receipts of 114 billion USD, thus oil revenues accounted for 89% of foreign exchange receipts. Imports of goods, services and debt repayments were anticipated to be financed from the oil earnings.[12] Consequently, the government expenditure as a percentage of GDP rose from 27% in 1971 to 48% in 1976. During these years, Iran enjoyed one of the fastest growth rates in the world: the economy grew at an average rate of 9.8% in real terms, and real per capita income grew by 7% on average. Conversely, industry and services both grew. Especially interesting is the rapid growth of the service sector, which by 1977 accounted for 56% of the non-oil GDP.[13]

The state became the main vehicle of industrialization as the role of society in the economy declined. At the same time, oil rents enabled the Iranian government to forgo domestic taxation. Furthermore, the state preferred indirect taxes to politically sensitive direct taxes. Between 1963 and 1975, government income generated from direct taxation increased from 1.1% of the GNP to 1.5%. Over the same period, indirect taxes increased from 6.9% of GNP to 8%. By the 1970s it was clear that, despite the fact that the state sector dominated the Iranian economy, the state had failed to develop effective taxation machinery.[14] In 1975 government tax revenues equaled 9.5% of GDP, whereas the comparable figure for developing countries in general was 18.1%. In addition, tax evasion was common. In 1975, for example, of 20,000 registered companies only 9,362 filed returns. Some 43% of the returns declared losses.[15]

As the result, the form of the rentier state became autonomous from society and authoritarianism emerged. On 2 March 1975, Mohammad Reza Shah Pahlavi announced to a stunned nation the abolition of the multi-party system in Iran. Its replacement was a single-party, the Rastakhiz. With the rise of authoritarianism, the SAVAK (Sazeman-i Ettelaat va Amniyat-i Keshvar) which was the National Organization for Intelligence and Security intensified its activities. SAVAK's activities were mainly gathering intelligence and neutralizing the regime's opponents. In addition, an elaborate system was created to monitor all facets of political life. For example, a censorship office was established to monitor journalists, literary figures, and academics throughout the country; it took appropriate measures against those who fell out of line. Universities, labor unions, and peasant organizations, among others, were all subjected to intense surveillance by SAVAK agents and paid informants. The agency was also active abroad, especially in monitoring Iranian students who publicly opposed Pahlavi rule.[16]

[11] The world oil shock of 1973 began in earnest on 17 October 1973, when Arab members of OPEC, in the midst of the Yom Kippur War, announced that they would no longer ship petroleum to nations that had supported Israel in its conflict with Egypt – that is, to the United States and its allies in Western Europe.

[12] *Iran's Fifth Development Plan*, Tehran: Plan and Budget Organization, January 1975, p. 41.

[13] Various reports.

[14] Hootan Shambayati, 'The Rentier State, Interest Groups, and the Paradox of Autonomy: State and Business in Turkey and Iran', *Comparative Politics*, Vol. 26, No. 3, 1994, p. 320.

[15] Ibidem.

[16] Ministry of Security SAVAK, Global Security, 28 July 2011, http://www.globalsecurity.org/intell/world/iran/savak.htm (accessed 20 October 2014).

Although the Iranian state seemed to be autonomous, strong and stable, by increasing the Shah's authority, society's demands and opponents became a source of threat to the state's stability. The shah believed that with Iran's newfound wealth he could buy the political allegiance and acquiescence of the people.[17] But he was wrong. Demands for freedom of speech, press and assembly became more strident over the years. Ultimately, the increase of political demands and economic development led to the revolution in 1978–1979.

The Islamic Republic of Iran: A Hybrid Political System

The aim of the revolution was the establishment of a democratic regime, however many years later, the regime of the Islamic Republic of Iran is not characterized as a democratic regime by scholars. It is argued that the Iranian Constitution is a curious hybrid of theocratic, authoritarian and democratic elements.[18] It is a constitutional, theocratic republic in which Shi'a Muslim clergy and political leaders vetted by the clergy dominate the key power structures, the supreme leader. The political system is composed of a complex network of elected and non-elected institutions that control each other along the decision-making process. The government has a legislature and a president, both selected by Iranian voters, but it also has a supreme leader, whose title makes clear that he has more power than the president and is not democratically elected. His power effects the whole political system.

Supreme Leader: This is the nature of Iran's political system, with its power split between two centres – the president and the supreme leader. This has complicated and slowed down the process of changes and democratization.[19] The role of the supreme leader in the Iranian constitution is based on the ideas of Ayatollah Rohullah Khomeini, who positioned the leader at the top of Iran's political power structure. Although, the supreme leader, elected by the Assembly of Experts, may be dismissed at any time by that body,[20] he has broad and nearly unlimited power. According to the constitution, the supreme leader directly appoints the head of the Judiciary, military officers, the Expediency Council, a majority of the Guardian Council members, Friday prayer leaders and the head of Radio and TV. He also confirms the president's election and the heads of dozens of political, economic and cultural institutions.[21] For thirty five years, Iran had two supreme leaders; Ayatollah Rouhollah Khomeini and Ayatollah Ali Khamenei. Ayatollah Khomeini led the post-revolutionary government until his death in 1989. A high-ranking traditionalist cleric, Ali Khamenei, then assumed the executive office of supreme leader and has held it until the present day.

President: The President is the highest elected official in the Islamic Republic of Iran and is the second highest-ranking figure in the country. According to the constitution, the president is responsible for the "functions of the executive", such as signing treaties, agreements etc. with other countries and international organizations; the national planning and budget and state employment

[17] Abbas Milani, 'Opposition to the Islamic Republic, Latest Step in Decades of Struggle', *Rozaneh Magazine*, http://www.rozanehmagazine.com/SeptOct.03/AMilaniSepOct03.html (accessed 10 June 2013).

[18] Francis Fukuyama, 'Iran, Islam and the Rule of Law', *The Wall Street Journal*, 27 July 2009.

[19] Ramin Jahanbegloo, 'The Green Movement and Non-Violent Struggle in Iran', *Eurozine*, 5 September 2012, http://www.eurozine.com/articles/2012-09-05-jahanbegloo-en.html (accessed 4 January 2014).

[20] Constitution of Iran, article 110. http://www.iranonline.com/iran/iran-info/government/constitution.html (accessed 20 July 2015).

[21] Ibidem.

affairs, the appointing of ministers, governors, and ambassadors subject to the approval of the parliament.[22]

The influence and power of the president has been limited by the supreme leader in various sectors such as foreign policy. The president has control over foreign policy, the armed forces, nuclear policy and the main economic policy of the Iranian state, but all this can change due to the influence of the supreme leader. In fact, in practice, presidential powers are circumscribed by the authority of the supreme leader. It has been the supreme leader, not the president, who has controlled the armed forces and made decisions on security, defence and major foreign policy issues for almost the last decade.[23] However, there have been various situations in which the power of the president has affected the decisions of the supreme leader. For instance, Ayatollah Khomeini had the final say on state affairs, but during the Ayatollah Ali Khamenei leadership, which coincided with the Akbar Hashemi Rafsanjani presidency, the centre of power was not with the supreme leader due to Rafsanjani's position.[24] Under the control of Rafsanjani, the reformist candidate Mohammad Khatami won the election (1997–2004). The reformists accomplished dramatic victories at the polls, creating a situation of dual sovereignty in which Khamenei and his allies controlled the clerical portions of government while aspiring democrats, backed by 70% of the electorate, won the presidency and parliament. This intra-institutional standoff persisted until the spring of 2004 when traditionalist clerics excluded reformist candidates from legislative elections, with their influence in the Guardian Council.[25]

Political Parties: It is important to know that the nature of the party system in Iran can only be understood by gauging the meaning of the political blocs (Jenahs) structure. There are different ideas about political, economic and cultural issues in Iranian society. So, the ideas which are close to each other come together under an umbrella of one Jenah. The Jenah as a political institution is bigger than a party and it is nearer to a political bloc.[26] Before the ousting of President Abolhasan Banisadr (the first president of the Islamic Republic of Iran) on 21 June 1981, all the Jenahs in the Islamic Republic of Iran were only of two kinds: Islamic and Nationalist. After that, new Jenahs - such as 'the left' and 'the right' – came into existence. The Jenahs engage in political, economic and cultural issues, for example, parties in the Right Jenah tend to emphasize traditional culture over modernism, while in contrast parties in the Left Jenah are not very sensitive to this issue and believe in revision, revitalization and making tradition more effective and supportive of the use of modernism in culture. In foreign policy, the Right Jenah is radical and the Left Jenah is liberal. In economic issues all parties believe in the free market economy and the expansion of trade.[27]

The key parties in Iran have been the Association of Combatant Clerics, the Executives of the Construction Party, the Islamic Revolution Mojahedin Organization, the Islamic Iran Participation Front party, and the National Trust Party are among those on the Left, while the Islamic Coali-

[22] Constitution of Iran, article 115.

[23] Ramin Jahanbegloo, 'Who is in Charge in Iran', *Heartland Magazine*, 2005, pp. 6–13; www.tritaparsi.com /2005_04_unveiling_iran.pdf (accessed 25 July 2015).

[24] Mehdi Khalaji, 'Iranian President Ahmadinezhad's Relations with Supreme Leader Khamenei', The Washington Institute for Near East Policy, www.washingtoninstitute.org/print-php?template=C05 &CID=2514-11k (accessed 10 June 2015).

[25] Brownlee, 'Durable Authoritarianism…', p. 26.

[26] 'The nature of the party system in Iran', http://www.sssup.it/UploadDocs/13476_6_R_the_nature_ of_party_system_in_Iran_13.pdf (accessed 11 June 2015).

[27] Ibidem.

tion party, the Society of the Combatant Clergy of Tehran, the Islamic Society of Engineers and the Population of Defence of the Islamic Values are among the Right wing parties.

The political parties have been treated differently by the government since 1982 when groups and parties gathered under the umbrella of Jenahs. The Iranian constitution recognizes the formation and activity of political parties. According to article 26 of the constitution and under the general framework of the "Freedom of Association", the constitution states that the formation of parties, societies, political or professional associations, as well as religious societies whether they are Islamic or pertaining to one of the recognized religious minorities, is permitted provided they do not violate the principles of independence, freedom, national unity, the criteria of Islam, or the basis of the Islamic Republic. No one may be prevented from participating in the aforementioned groups, or be compelled to participate in them.[28]

However, unlike the accommodations that article 26 has to some extent provided in the framework of religious rule, in 1982 the Law of Operation of Parties and Associations (governing societies and professional, political, and Islamic associations and the associations of recognized religious minorities) was passed by the Mejles. This law defines a party, society, association, Islamic association or association of religious minorities and specifies the procedure for registering and issuing permits for them. With this law, the free formation of a political party is made more difficult and a tightening of the political sphere and the removal of parties from it is made easier for those in power. With the passage of this law, the legal opportunity was taken away from those supporting the idea of separating religion from the state and from the secular-minded of any political group or persuasion. Based on the new law, the operation of groups is considered free, of course, as long as they do not commit the violations specified in Paragraph 16 of the same law. These include:

1. Actions that will jeopardize the independence of the country.
2. Any contact, information exchange, collusion, and conspiracy with embassies, representatives, government agencies, and political parties of foreign countries at any level and in any way that is harmful to the freedom, independence, national unity and interests of the Islamic Republic of Iran.
3. Receiving any financial and material assistance from foreigners.
4. Violation of the legitimate freedom of others.
5. Spreading accusations, defamation, and rumors.
6. Damaging national unity and actions that lead to the disintegration of the country.
7. Promoting divisions within the different sectors of the nation by manipulating cultural, religious, and racial differences present in Iranian society.
8. Damaging Islamic principles and the fundamentals of the Islamic Republic.
9. Anti-Islamic propaganda and spreading deviant books and publications.
10. Concealing, keeping, and carrying illegal weapons and ammunition.[29]

According to the law, the public courts of justice are the competent authorities to process such cases and a party or organization that is sentenced to dissolution in the initial stage has the right to appeal for a hearing in courts of justice and even before that, when the Commission set up

[28] Constitution of Islamic Republic of Iran, 2015.

[29] Political Parties Law, *Iran Data Portal*, 1 April 2013, http://irandataportal.syr.edu/political-parties-law (accessed 10 September 2015).

by paragraph 10 has revoked an organization's permit, the organization or party in question may file a lawsuit in courts of justice against this decision made by the Commission (Paragraph 13).[30]

Referring to this law, in 2010, thousands of opposition supporters were rounded up after the mass street protests following the June 2009 vote. Following that the Islamic Iran Participation Front and the Islamic Revolution Mojahedin Organisation were dissolved by an Iranian court. Both supported opposition leader Mir Hossein Mousavi, the main challenger to President Mahmoud Ahmadinejad in the disputed presidential election of 2009. Members of both parties were jailed during the government's efforts to stifle the mass protests that followed.

Elections: according to the constitution, the Guardian Council has the politically sensitive duty of supervising the elections of the Assembly of Experts, the President, Mejles, and referendums. Dominated by conservative right factions, the Guardian Council has been an instrument of political control, particularly in the aftermath of Ayatollah Khomeini's death. Election laws allow the Council to disqualify applicants who are found not respecting Islam. For instance, the Guardian Council, has disqualified thousands of applicants from contesting the February 20 parliamentary election in 2004. Based on this screening standard, pre-election disqualifications have been particularly hard hitting against members of the Islamic Iran Participation Front, a reformist political party.

The Guardian council consists of six theologians appointed by the Supreme Leader and six jurists nominated by the judiciary and approved by parliament. The council can bar candidates from standing in elections to parliament, the presidency and the Assembly of Experts. Reformist attempts to reduce the council's vetting powers have proved unsuccessful and the council banned all but six of the candidates from more than 1,000 hopefuls in the 2005 elections. Two more, both reformists, were permitted to stand after the Supreme Leader intervened.

Rentier State and Hybrid Regime

After the Islamic Revolution, the economy became more state-dominated in terms of national resources and particularly in the oil and gas sector. These changes were in full compliance with the revolutionary ideology, which argued that oil deals were serving the western countries and U.S. rather than Iran's national interests. Thus, the Islamic government announced that oil is national wealth and must be reserved for the next generations. According to this idea the government will reduce its dependency on the oil. Therefore, in 1980 all NIOC's joint venture and service contract agreements with foreign oil companies were terminated.[31] The result was oil production fell 75% between 1979 and 1981.[32] In addition, Iran's share of total oil trade peaked at 17.2% in 1972 and then declined to 2.6% in 1980.[33]

As the matter of fact, the decline in oil production was aggravated by the U.S. embargo and Iran-Iraq war. The outbreak of war with Iraq was followed by physical damage to oil installations. The large Abadan refinery was strongly damaged by Iraqi attacks in 1980 and 1982. Although oil production sharply declined, high oil prices, due to an internecine war between two leading oil pro-

[30] Ibidem.

[31] 'Oil', *Global Security*, http://www.globalsecurity.org/military/world/iran/oil.htm (accessed 10 July 2013).

[32] Anthony Cordesman and Khalid al-Rodhan, *Iran's Weapons of Mass Destruction: The Real and Potential Threat*, Washington: Center for Strategic & International Studies, 2006, p. 315.

[33] Mohaammad Hashem Pesaran, 'The Iranian Foreign Exchange Policy and the Black Market for Dollars', *Middle East Journal*, Vol. 24, No. 1, 1992, pp. 101–125.

ducers Iran and Iraq, boosted it again and therefore Iran's total oil revenue increased from 11,693 USD in 1981 to 20,273 USD in 1983.[34]

However, in 1986, the need for weapons to continue the war as well as the unexpected sharp decline in oil revenues to 5.9 billion USD a year gave the government a hard time.[35] Therefore, although the revolutionary government was committed to reducing Iran's dependence on oil and had a stated policy of restricting output to less than three million barrels per day, the situation forced it to revamp its oil sector.

While in the first decade the government was revolutionary, it seems that these difficulties gave the rivals of radical groups – conservatives and pragmatists – the opportunity to strengthen themselves and gain more power at the expense of the radicals.[36] In addition Khomeini started to reduce his radical views and then sided with less conservative and pragmatic figures and groups to save the revolution. The most important pragmatic decision that was taken by Khomeini was his agreement to stop the war with Iraq. This unexpected decision reflected the reduction of his radical views. As a result, conservatives and pragmatists started to voice their policy in 1987.

Iran under Rafsanjani reclaimed its place as the world's second largest exporter of oil after Saudi Arabia, which exported about seven and a half million barrels a day. Iran was producing roughly 3.5 million barrels a day and exported about 75% of this, mainly to Japan and Western Europe.[37] This was a time of rising radical groups. Thus, by controlling the Fourth Mejles, conservatives – backed by Khamenei – were able to stop Rafsanjani from achieving his goal of ending hostility with the United States, as well as an open the door for foreign investment.[38]

Although Khamenei did not support Khatami's policy because of the Iran situation, he could not reject him also. One of the most important elements was oil. As matter of fact, Khatami's approach toward the European countries was influenced mostly by the weak economy that resulted from the long War with Iraq, as well as from continuing low oil prices. For example, total Iranian oil revenue was around 10 billion USD in 1998, increasing to about 16 billion USD in 1999.[39] However, this oil revenue did not meet the State's needs. At the same time, the Iranian economy suffered from low investment in different industrial areas, that led to an increase in the number of unemployed. Thus, an opening to foreign investment was seen as a way of solving some of the problems and bringing some respite to the Iranian economy.

Iran's income from exports of crude oil and petroleum by products topped 36 USD billion in the first eight months of 2007 (which begins on 21 March), marking an increase of 15%. The total oil income of Iran in the first half of 2008 was 54 billion USD, which was only 3 billion USD shy of its oil income of 57 billion USD for all of 2007.[40] Due to high oil prices, Iran's foreign currency

[34] OPEC, *Annual Statistical Bulletin 2004*, http://www.opec.org/opec_web/en/publications/202.htm (accessed 2 September 2013).

[35] Ibidem.

[36] Bahram Rajaee , 'The Political Evolution of the Islamic Republic and U.S. Foreign Policy After September 11', *Comparative Studies of South Asia, Africa and the Middle East*, 24 January 2004, p. 162.

[37] US Energy Administration Information, *Iran*, http://www.eia.gov/beta/international/analysis.cfm?iso=IRN (accessed10, September 2011)

[38] Jalil Roshandel, 'Iran's Foreign Policy and the Iran-Pakistan-India Gas Pipeline', *The Middle East Institute*, 18 February 2009, p. 131. http://www.payvand.com/news/09/feb/1203.html (accessed 18 February 2009).

[39] Mahnaz Zahirinejad, 'Oil in Iran's Foreign Policy Orientation', *Journal of Peace Studies*, Vol. 17, Issue 4, October–December 2010, p. 9

[40] 'Italy, Iran's main EU trade partner', *Press News*, 19 June 2007, http://www.presstv.ir/detail.aspx?id=13680&sectionid=351020102 (accessed 25 March 2008).

reserves held in foreign banks had risen to about 60 billion USD.[41] In addition, the country's Fourth Development Plan (March 2005–March 2010) allowed the Government to make a commitment for another 30 billion USD to oil projects (10 billion USD as finance, 7 billion USD as technical and engineering services, and 13 billion USD as foreign investment). Despite the enormous amount of money earned through the high oil prices, Ahmadinejad asked parliament for a supplementary budget as his government was expected to run out of money in the last three months of 2007. Surprisingly, the Iranian Government had also withdrawn 12.2 billion USD from its strategic Oil Stabilization Fund, which serves as a buffer to protect the economy in case of price fluctuations in the cost of oil.[42]

Democratic or Authoritarian?

With attention given to the role of supreme leader and the election laws, some political scholars have categorized the Islamic Republic of Iran as an "electoral-authoritarian" regime of a new sort. By this view, Iran is fundamentally an authoritarian regime run by a small circle of clerics and military officials who use elections to legitimize themselves.[43] For instance, Luciano Zaccara has included Iran within the concept of a hybrid regime but also categorized it as a competitive authoritarian regime. He considers the electoral processes as important functions in Iran even within the authoritarian limits set by the constitution. He argues that "first, elections draw much light over an intra-elite dispute; second, they serve the government to check periodically on the people's orientation; and third, but not less important, they bring hopefuls into office. Moreover, polls in Iran comply with some of the requirements of democratic process, but also ignore many of them".[44] Ultimately he believes, "it cannot denied that there is some degree of competition within the Iranian electoral system and that elections do have an impact in the political system and therefore, in the policies implemented by the government and laws passed by the parliament".[45]

However, this idea of considering Iran as a competitive authoritarian regime with attention being paid to elections also has been rejected. For instance, Leah Gilbert and Payam Mohseni have classified the Iranian political regime as an "illiberal tutelary hybrid regime" and avoided calling it authoritarian regime. According to them the Iranian regime is competitive, illiberal and has tutelary institutions. They argue, "first, clerical authorities ban secular parties and veto policies deemed un-Islamic. Second, civil liberties are poorly enforced, as some opposition figures are jailed and the freedom of expression is limited by state censorship. Yet, despite these elements, multiple political factions competitively vie with one another over state institutions through electoral means. While evidence of turnover is frequent, notable elections that spot the uncertainty and competitiveness of the electoral arena include the shock presidential elections of Mohammad Khatami, of the republican left in 1997".[46]

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[41] 'Recent Developments in the Iranian Economy', American Iranian Council, 2007, http://americaniranian.org/publications/articles/2007/01/recent_developments_in_the_iranian_economy.html (accessed 11 February 2008).

[42] Zahirinejad, 'Oil in Iran's Foreign…', p.9.

[43] Fukuyama, 'Iran, Islam…'

[44] Suzi Mirgani, 'Luciano Zaccara on the Iranian Elections', Georgetown University, 30 September 2013, https://cirs.georgetown.edu/news-events/events/luciano-zaccara-iranian-elections (accessed 13 September 2015).

[45] Ibidem.

[46] Gilbert and Mohseni, 'Beyond Authoritarianism…', p. 292.

It seems that the 29th elections that have been held since the inception of the Islamic Republic in 1979 prove that elections are not tamed mechanisms constrained by the state. This is because, in spite of the various arrangements and precautions, elections have posed the most serious challenges to the ruling clergy. It is important to know that in the early years of the Islamic Republic, a president elected to office posed an existential threat to the ruling clergy. Conflict between President Banisadr and Ayatollah Khomeini plunged the country into political turmoil, which ended with the impeachment of the President on 21 June 1981 by the Parliament of Iran, "the ruling clergy managed to consolidate power, but subsequent elections proved to be sources of constant challenges to the stability of the regime; and more importantly, elections represented major setbacks to attempts by the theocratic component of the regime to monopolize power. The surprise results of some elections have proven a challenge for the ruling clergy".[47]

With attention given to these facts, it can be seen that the Iranian regime is hybrid in nature and its democratic parts have been obstacles to the rise of authoritarianism. In fact, as long as there is a will for transformation towards and against authoritarianism, it will continue to pose constant problems for authoritarian rule. Thus, the Iranian state as a hybrid regime has neither a democratic nor an authoritarian label. Although it behaves more like authoritarian regime, by establishing democratic institutions it became more effective in keeping the opposition at bay and more influential in world politics and less susceptible to international pressure. These factors may be the reasons behind the lack of attempts for a revolution in Iran in the last 35 years. In fact, while there have been from protests in Iran time to time, such uprisings have never turned into full-blooded revolution.

[47] Naser Ghobadzadeh, 'Electoral Theocracy. A study of an Islamic Hybrid Regime', Institute for Social Justice Australian Catholic University, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2500011 (accessed 18 May 2015), p. 10.