Chapter 2
Power Structures and Factional Rivalries in the Islamic Republic of Iran

2.1 Introduction
The Islamic revolution caused a fundamental change in the composition of the political elite in Iran, whose secular oriented members were replaced by mainly clergies and religious laypersons. On the one hand, the post-revolutionary Iranian political elite introduced a semi-theocratic mode of rule based on the *velayat-e faqih* system (the Governance of the Jurist, see chapter 2.2) – in 1988 reinforced by adding a new dimension the Absolute Governance of the Jurist (*velayat-e motlaqah-e faqih*, see chapter 1.6) – institutionalized according to the constitution of 1979. On the other hand, the political institutions of the IRI are based on a modern state that finds its origins in the constitution of 1906. The political power structure of the IRI is composed of connected, but also competitive, formal and informal political power structures. The formal political power structure consists of state institutions and their aligned institutions: the religious supervisory bodies, the republican institutions, and the religious foundations (*bonyads*). Besides the formal power structure there exists also an informal power structure. The informal power structure has two levels:

(1) The different political factions of the political elite (the Conservative faction, the Pragmatist faction, and the Reformist faction) that cut across the state institutions and their aligned institutions. As there are no legal political parties in Iran, it is the political factions that represent the different ideas on economic, socio-cultural, and foreign policy;

(2) The informal power structure consists not only of those people who have power according to their position in state institutions, but also of those individuals that influence, or attempt to influence, the political discourse.

The rivalries among the different political factions have a great impact on policy formulation in Iran, as they pose an obstacle to the formulation of coherent domestic and foreign policies. While most state institutions in Iran are weak, due to the principle of the *velayat-e faqih*, personal networks are strong. As a consequence, the formal system for policy formulation is often ignored or bypassed in favor of the informal power structure, based on personal networks and power relations.

This chapter analyzes: the formal and informal power structures in the IRI since the Islamic revolution; the (changing) position of the different factions of the Iranian political elite on economic, socio-cultural, and foreign policy issues; the political elite’s control of state institutions as well as their economic resources. It also discusses from an historical perspective, the emergence of the different political factions, with their
rivalries, alliances, and counter alliances, from the time of the Islamic revolution, in 1979, until December 2007.

### 2.2 The Formal Power Structure

The formal political power structure of the IRI is composed of the supreme leader[^23] and three sets of institutions (Moslem 2002: 33-34):

1. The religious supervisory bodies;
2. The republican institutions;
3. The religious foundations (see figure 2.1).

The power of the supreme leader (or *vali-e faqih*) is based on the *velayat-e faqih* system[^24]. The supreme leader is the ultimate decision-maker in the IRI. The office of the supreme leader was established when the constitution of the IRI was drafted in 1979. The supreme leader has the power to declare war, to mobilize the troops and to dismiss many senior position holders in the IRI. These senior positions include: the head of the judiciary; the head of state radio and television; the supreme commander of the IRGC; the supreme commander of the regular military and the security services; as well as the clerical jurists in the Council of the Guardian (Tellenbach 1990: 71). He also appoints and removes the heads of the religious supervisory bodies.

#### 2.2.1 The Religious Supervisory Bodies

The religious supervisory bodies consist of two groups:

2. Institutions, with no legal status, that are considered to be the extended arms of the supreme leader.

[^23]: See also the website of the supreme leader http://www.leader.ir
[^25]: See also the website of the Council of the Guardian http://www.shora-gc.ir/portal/Home
[^26]: See also the website of the Assembly of Experts http://www.khobregan.ir
[^27]: See also the website of the Expediency Council http://www.majma.ir
Figure 2.1 The Formal Power Structure in Iran since 1979

The Council of the Guardian consists of twelve jurists (six clerical and six non-clerical). The six clerical members are selected from among the ranks of the clerical elite and appointed by the supreme leader. The six non-clerical members are appointed by parliament (*majles*) at the recommendation of the head of the judiciary. The Council of the Guardian\(^{28}\) determines whether laws passed by parliament are compatible with the *shari'a* (Islamic law). It also examines if presidential and parliamentary aspirants are qualified to run for office. The Council of the Guardian has supreme oversight of the elections for the *majles*, the Assembly of Experts, and the presidency. For example, it determines who may become parliamentary or presidential candidate (Schirazi 1997: 89).

The Assembly of Experts is a council of 86 clerics that are elected by the Iranian people for an 8-year term. However, as said before, the Council of the Guardian first has to accept the candidates. The Assembly of Experts elects the supreme leader from its own ranks and dismisses him if he does not fulfill his duties (Constitution 1990: 69, 72), the latter of which is very unlikely to happen.

The Expediency Council was established in 1988 to act as a mediator between the *majles* and the Council of the Guardian, and to advise the supreme leader (Tellenbach 1990: 54). The Expediency Council has 31 members that are appointed by the supreme leader from among the ranks of the Iranian political elite (Buchta 2000: 61). In 1997, Hashemi Rafsanjani became Head of the Expediency Council, after having served two terms as president (1989-1997). In September 2007 he also became head of the Assembly of Experts. He is one of the most powerful members of the Iranian political elite.

The most important institutions that are in the hands of the supreme leader and formulate his ideas are: the Office of the Representatives of the Supreme Leader (*Namayandegan-e Rahbar*), the Association of Friday Prayer Leaders, and the Special Court for the Clergy (*Daegah-e Vizheh-ye Rouhaniyat*, SCC). These institutions are responsible for ensuring that the Islamic character of the regime remains intact (Moslem 2002: 33-34). The representatives of the supreme leader, who are chosen by the supreme leader, are present on every level of the political establishment. They are directly responsible to the supreme leader and have to assure that the institutions, to which they are assigned, act according to the supreme leader’s wishes. The supreme leader’s representatives can be found in every state, civilian, and military institution. Also, within the military, the representatives have their own separate office, the Political and Ideological Bureau (*Edare-ye Aqidati va Siyasi*). At the universities the supreme leader’s representatives may intervene in the contents of courses taught and control the composition of the students matriculated.

Equally important are the Friday Prayer leaders, who are appointed by the supreme leader. While the executive branch of the government provides them with the budget they need, it has no control over the contents of the weekly Friday Prayers. The Friday

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28. The Council of the Guardian has since its existence been controlled by the Conservative faction of the political elite.
Prayers have served as powerful propaganda forums for the Conservative faction of the Iranian political elite. The Friday Prayers have been very influential in setting the tone on important political issues, especially foreign policy issues. Supreme Leader Ayatollah Khamenei and Head of the Expediency Council, Hashemi Rafsanjani, have often made use of the Friday Prayers to bring their views to the public, especially on foreign policy issues, without taking into account the Ministry of Foreign Affairs, nor the president. The head of the judiciary and the leadership of the Islamic Revolutionary Guards Corps (IRGC) are others who use the Friday Prayers as a platform to bring their views on foreign policy to the public.

The SCC is another example of an institution that functions outside of, and parallel to, the judiciary. It was created during the Iran-Iraq War (1980-1988). Its responsibility lies in prosecuting dissident clergies i.e. those who give an interpretation to Islam that could undermine the official state ideology. It is one of the most powerful institutions of the regime, as it safeguards the ideological unity of the clergy. The SCC has imprisoned several prominent Reformist clergy, including: Abdullah Nuri, confident of Ayatollah Khomeini and former Minister of Interior; Mohsen Kadivar, candidate for president in 2005; and Hassan Yussefi-Eshkevari, cleric and founder of the Ali Shari’ati Research Center. It has also cooperated with the official judiciary to close down papers and imprison regime critical intellectuals (Kamrava and Hasan-Yari 2004: 509-512).

2.2.2 The Republican Institutions
The republican institutions are the three governmental branches: the executive, the judiciary, and the legislative (majles). The Iranian people elect the members of parliament every four years. Since the death of Khomeini parliament’s political importance has significantly increased. It drafts legislation, ratifies treaties, approves states of emergency, approves loans and the annual budget, and removes the president and ministers from office (Bakhtiari 1996).

Originally, the 1979 constitution divided the power over the executive between the president and the prime minister. Actual leadership over the executive was in the hands of the prime minister, who – in contrast to the president – was not elected by the Iranian people. The idea was that, by this division of power, a popular elected president could not undermine the authority of the supreme leader.

With the revision of the constitution in 1989 – when Rafsanjani became president – the office of prime minister was abolished and his tasks taken over by the president. The president is now the head of government with powers to: appoint and dismiss ministers, subject to confirmation by parliament; control the Planning and Budget Organization (Sazeman-e Barname va Bujeh); appoint the head of the Central Bank; and chair the National Security Council (Shura-e Amniat-e Melli, NSC).29 The president can only be

29. The NSC has twelve permanent members that coordinate governmental activities in defense, intelligence services, and foreign policy. The members include the heads of the executive, legislative, the chiefs
removed by a two-third majority in parliament. He can also be declared “politically incompetent” by parliament, after which the supreme leader can remove him from his post. Formally, the president is the second most powerful member of the Iranian political elite, behind the supreme leader. He is responsible for economic and socio-cultural but not foreign policy. The president has no control of the armed forces30 (Milani 1993: 86-89, 94).

The armed forces in the IRI are composed of two main components: (1) the regular military; (2) the revolutionary military, consisting of (a) IRGC with its paramilitary basji militia, (b) the Law Enforcement Forces (LEF).31

The regular military and IRGC are formally subordinate to the Ministry of Defense and Armed Forces Logistics (MODAFL). They are responsible for defending Iran’s borders as well as for the provision of internal security. The LEF are formally subordinate to the Ministry of Interior32.

The origin of dividing the combat forces dates back to the post-revolutionary period. The Iranian political elite did not trust the regular army as it used to be loyal to the Shah and, therefore, established the IRGC to maintain internal security, safeguard the ideological purity of the revolution, and counterbalance the regular military.33 Both the military and IRGC have ground, air and naval forces, but the regular military is much larger and better equipped than the IRGC. The regular military has about 400,000 men, the IRGC about 120,000. The IRGC air force owns a few dozen trainer aircraft, while most of Iran’s approximately 200 operational high performance combat aircraft belong to the regular air force. The IRGC navy consists mainly of 10 Chinese Houdong class missile boats, another 100 small boats, shore-based antiship missile batteries, and a large combat swimmer (naval special warfare) force. The regular navy controls Iran’s dozen major surface combat ships and three submarines (Brom and Shapir 2000: 181-198).

of the regular military and the revolutionary military, the ministers of the Interior, Intelligence and Foreign Affairs, departmental ministers, two representatives of the supreme leader, and the head of the Plan and Budget Organization. The president acts as the chairman of the NSC.

30. The armed forces are controlled by the supreme leader and the Conservative faction of the political elite.
31. The LEF was established in 1990 after Hashemi Rafsanjani had assumed office of the president in 1989, out of the various Islamic revolutionary committees (Komiteh-ye Engelab-e Eslami), the City Police (Shahrban), and the gendarmerie (countryside police). During the first decade after the revolution the revolutionary committees — mainly composed of members of the Conservative faction — together with the regular police were responsible for implementing law and order in Iran. By merging them with other police forces in 1990, President Rafsanjani aimed at reducing their scope of action. The committees are not so visible on the streets anymore today but maintain an independent structure and activities (Hermann 1994: 546).
32. Both the regular military and the revolutionary military are controlled by the Conservative faction of the Iranian political elite (Buchta 2000: 143).
The IRGC is a key institution in Iran due to its role as guardian of the revolution, and because many senior revolutionary guard officers have close personal and family ties to key members of the Iranian political elite. Current president Mahmoud Ahmadinejad, as well as many of his cabinet members, used to be members of the IRGC. The IRGC plays, also, an important role in the selection, ideological indoctrination, professional development, and advancement of future senior civil servants.

The basji militia is the most powerful paramilitary organization in Iran. It was established in 1979 by Ayatollah Khomeini as, an “Army of the 20 million”, to protect the IRI against US influences and against “domestic enemies.”

Though the republican institutions are modern, the popular will officially represented in these institutions is challenged and undermined by other formal and informal institutional mechanisms (Moslem 2002: 34-35) such as the religious foundations.

2.2.3 The Religious Foundations

The religious foundations are an integral part of the political-economic system of the IRI. Important foundations (to be discussed in chapter 3.2.1) are: the Bonyad-e Mostazafan va Janbazan (Foundation for the Oppressed and Disabled); the Bonyad-e Shahid (Martyrs’ Foundation); and the Bonyad-e Astan-e Quds (Imam Reza Foundation). The supreme leader appoints the heads of the foundations.

The religious foundations are responsible to no one else but the supreme leader and his local representatives. They have control of large parts of the economy and are entrusted with safeguarding the Islamic and revolutionary principles of the IRI. At the same time, the foundations claim to be charities that provide financial help to low-income groups, families of martyrs, former prisoners of war, rural dwellers, guardian-less households, the disabled, and the handicapped (Saeidi 2004: 488). The foundations act in parallel to the official governmental institutions. For example, the Housing Foundation (Bonyad-e Maskan) operates along with the Housing Ministry providing housing to families in need. The Literacy Movement (Nehzat-e Savad –Amoozi) acts along with the Ministry of Education. The Supreme Council of Cultural Revolution (Shoura-ye Ali-ye Enqelab-e Farhangi) competes with the Ministry of Culture and Islamic Guidance in setting the cultural policy, based on the supreme leader’s guidelines. The same can be said about the Ministry of Culture and the Islamic Propaganda Organization (Sazman-e Tablighat-e Eslami), as well as the Land Allocation Committees (Hayat-Haye Vagozari-ye Zamin) and the Ministry of Agriculture (Kamrava and Hassan-Yari 2004: 509).

The foundations are tax-exempt. Apart from their responsibility to the supreme leader there is no control by the government of the foundations’ economic activities and expenses. The foundations have no public accounts, and no concretely defined legal status. Despite their status as semi-public organizations, they act as giant private monopo-

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34. For more details on the basji militia see Schahgaldian, N. The Iranian Military under the Islamic Republic. (Santa Monica, 1987), 87-100.
The political elite lies rather than as charities. The foundations are estimated to account for 35 percent of Iran’s total gross national product. They control over 40 percent of the non-oil sector of the Iranian economy (Saeidi 2004). The foundations have been a great financial burden to the Iranian economy and one of the main obstacles to economic reform in Iran.

The foundations have been involved in propagating the ideology of the IRI and the social security programs. The foundations mobilize tens of thousands of people, from urban and rural lower classes, for demonstrations that support the Islamic regime. They have supported: the establishment of schools, universities, and research centers; the publications of books and journals; the production of films; the organization of art and book festivals; as well as the establishment of ideological museums. They, therewith, contribute to the indoctrination of a great number of young intellectuals into the Islamic political ideology, as it was developed by Ayatollah Khomeini. The foundations have become pivotal actors in the power struggle among different factions of the Iranian political elite, not only in terms of mass mobilization, ideological indoctrination and repression, but also as financial resources to the Conservative faction (see chapter 2.4). This makes them not only economically important but also significant actors in forming the domestic policies in Iran (Rakel 2006: 121-123). This means the religious foundations belong to a type of organizations in the IRI that have the legal authority to directly, or indirectly, influence the operation of the government, and execute political power alongside or even above the legislative, executive, and judiciary branches of the government.

2.3 The Informal Power Structure

Besides the formal power structure there exists also an informal power structure. The informal power structure can be distinguished into two parts:

(1) The different political factions of the political elite, that cut across the state institutions and their aligned institutions, such as the heads and members of state institutions, religious-political associations, the religious foundations, and paramilitary organizations. As there are no legal political parties in Iran, it is the political factions that represent the different ideas on economic, socio-cultural, and foreign policy issues;

(2) Those people who have power owing to their position in state institutions, and individuals or groups outside the state apparatus, who directly or indirectly influence the political discourse.

After the Islamic revolution, the Iranian political elite was unable to produce a dominant revolutionary party. Although the regime was able to integrate a number of parasatal organizations (e.g. the religious foundations) into the power structure of the

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36. Historically, charitable foundations have played a significant role in Islamic societies. They could be
Islamic regime, there exists no institutional mechanism that would distribute power among the different political factions. According to Bakhtiari (1996), what in a different institutional setting would be internal party elections, in Iran is performed by general elections. The voters in Iran are seen as party members. The people are mobilized through mosque networks and ideological propagation, with the parliament functioning as a “central committee” or “politburo of sorts.” The fact that regular elections are held, has led to a certain degree of pluralism in the political system, with members of the political elite practicing “electoral politics” and showing “parliamentary behavior” (Bakhtiari 1996; Gheissari and Nasr 2004: 98). According to Elaheh Koolaee, until now, however, Iran has not been ready for pluralism in the political system:

“It is very difficult because of the infrastructures [the limitations set by the principle of the ve-
layat-e faqih] of establishing or constituting parties, political parties. I think the infrastructures and backbones of these infrastructures have not appeared yet, and we must work very hard in creating these infrastructures for real and active players in this field.”

used as mechanisms for untaxed savings and investment, and provided financial independence of the clergy from the state. Their origins derive from the teachings of the Quran. According to the Quran stronger people have to show solidarity with the weaker ones, meaning the religious leaders have to serve as their guardians (Algar 1969: 18). To serve this purpose two taxes are drawn: zakat and khums. During the Safavid period (1501-1722), the Safavid rulers granted endowments to the clergy and, therewith, strengthened the independence of the foundations from the state, providing the clergy with “economic independence.”

The clergy for their part guaranteed non-involvement with politics (Keddie 1995: 12). During the Qajar Empire (1783-1925), the religious authority of the clergy developed with the collection and distribution of various kinds of taxes. The more taxes the clergy received the more it reflected their authority and importance. Additionally, the income from the endowments associated with shrines and mosques was one of the most significant sources of income for the clergy (Algar 1969: 14). The control of endowments by the clergy led several times to clashes between the Shah and the clergy:

(1) During the Qajar period when the chief administrator of the endowments, who used to be selected from among the ranks of the clergy became the most important figure next to the provincial governor (Algar 1969: 15); (2) During the Pahlavi period (1921-1978) when the Shahs (Reza Shah (1921-1941) and Mohammad Reza Shah (1941-1979)) attempted to control or restrict the endowments property. This led to unrest and riots in the provinces. The clergy saw these policies as a serious threat to their independence from the state (Saedidi 2004). At that time the resistance of the traditional sectors of the economy to these policies led to a coalition between the clergy and the merchant communities (the bazaaris) against the Shah (Vakili-Zad 1992: 22). In contrast to the foundations of the Safavid, Qajar, and Pahlavi period the foundations established after the Islamic Revolution have been part and parcel of the political system. After the revolution the Islamic government gave the foundations the assets of the Shah, his ruling elite, and other Iranians who had fled the country, including hundreds of companies in all sectors of the economy (Amirahmadi 1995). The Shah and his family had been the greatest capitalist investors of the country. They had owned more than 207 big trading companies, industrial enterprises, and banks. The major part of the Shah’s wealth was run by the Bonyad-e Pahlavi (Pahlavi Foundation) — after the Islamic revolution being replaced by the Bonyad-e Alavi (Alavi Foundation) — which had been established in 1958 by the Shah and was an important instrument for controlling the economy in Iran. Like all other foundations the Pahlavi Foundation, officially, was a charity organization. In reality, however, it was Iran's biggest industrial and trade organization with interests in all major economic sectors in Iran (Amineh 1999).

37. Interview with Dr. Elaheh Koolaee, on 8 November 2005, in Tehran, Iran. Dr. Koolaee is associate fellow at the University of Tehran, Faculty of Law and Political Science, and former member of the Iranian parliament i2000-2004) for the Reformist Islamic Iran Participation Party (Jebheye Mosharekate Iran-e Eslami).
She explains that the directives in a centralized state, such as Iran, will have to come from above:

“[…] [Y]ou know the […] state of our country based on our historical structures is very centralized and very strong. In this kind of situation any kind of change […] like many other countries […] comes from the top not from the down such as the collapse of the Soviet Union and many previous events. It depends on the perceptions and feelings or approaches of decision-makers, powerful people who believe in the necessity of expanding these kinds of institutions.”

Adib-Moghaddam, however, characterizes very clearly the Reformist movement as a movement that has institutionalized pluralism from below (to be further elaborated on in chapter 4):

“contemporary Iranian reformism manifests itself as a trajectory, yet original and indigenous, political culture that feeds into the political process in a bottom-up manner – from society to the state – not the other way round” (Adib-Moghaddam 2006: 667).

The political factions should not be seen as groups with coherent ideas. Therefore, according to Moslem (2002: 95-96) the following four points should be noted for clarification:

(1) Although, in each faction there are some people who have more power than others in setting the agenda for their respective faction, there is no clear leader in each faction. The factions are composed of individuals with similar views that hold several positions in the IRI’s state (related) institutions or other organizations. Thus a faction is not a homogenous group but a loose coalition of groups and individuals;

(2) Since the death of Khomeini, the factions have often modified their views mainly for short-term political reasons. Additionally, not all members of a faction share the same views. In fact different opinions have often caused disruptions within factions, and the creation of alliances with other factions or new factions;

(3) As a result of the loose alliances of groups within a faction, the factions have no coherent organizational structure and, also, no official political program. Members of a faction express their views in the media (newspapers, journals, television, radio), in parliamentary debates, confidential memos, Friday Prayers, etc. When members of the different factions speak about each other they always do it in an indirect way by saying “some people,” “those,” “a certain assembly,” “a wing” or similar. This makes it difficult sometimes to make clear judgments about their statements;

(4) The most important indicator to show which individual or organization belongs to which faction is how an individual or an organization sees itself; that means through publicly declaring to what faction they belong to, or by giving open sup-
port to a presidential or parliamentary candidate during election campaigns. Factional affiliation is also expressed in the majles by giving support to a certain policy or at elections within the majles, e.g. the election of the parliamentary speaker.

The informal power structure does not only include political decision makers but also those who are directly or indirectly involved in political decision making, or the political discourse. Based on Johannes Reissner (2002) three interrelated levels of the informal power structure in the IRI (figure 2.2) can be distinguished:

(1) The inner circle elite. The inner circle elite is composed of the highest clerics and (religious) lay persons. Since the election of Mahmoud Ahmadinejad, as president, the inner circle elite is dominated by the Conservative faction. Buchta (2000) also calls those belonging to the inner circle the “patriarchs.” Until the election of Ahmadinejad as president, in 2005, the inner circle elite consisted only of clerics. With Ahmadinejad as president, for the first time since 1979, a religious layperson has entered the inner circle elite. The inner circle elite determines the course of the IRI but, in contrast to the first ten years after the revolution, no longer determines the political discourse, to which it only reacts (Reissner 2002: 192). The power of the inner circle elite is legitimized by the constitution of 1979 and the principle of the velayat-e faqih. The inner circle elite dominate those state institutions – except for the president – that are not elected by the people and are not responsible to them. The most important institutions that are dominated by the inner circle elite are: the supreme leader; the Assembly of Experts; the Council of the Guardian; the Expediency Council; the heads of those institutions that are installed by the supreme leader, i.e. the head of the judiciary branch; the commander of the regular military; the head of the IRGC; the representatives of the supreme leader in all important state institutions, and in the provinces; and the chairmen of the different religious foundations, that are also installed by the supreme leader. Thus, the inner circle elite have, through the institutionalization (after the revolution) of constitutionally legitimized religious supervisory bodies, gained for itself an independent position within the political system;

(2) The administrative elite. The administrative elite are those Iranians who participate in the political decision-making process, give advice, or carry out political decisions. The administrative elite are composed of members of all three political factions, the Conservative faction, the Pragmatist faction, and the Reformist faction. Most of them are civil servants, representing the executive, judicial, and legislative branches (e.g. provincial governors, mayors of large cities, technocrats). The members of the administrative elite are mainly religious laypersons and have gradually gained in significance in the political process since the revolution (Reissner 2002: 195). While the revolutionary background of the administrative elite still plays an important role in their political prestige, in contrast to the inner circle elite, the administrative elite hold more diverse political-ideological
ideas. Particularly, among the Reformist members of the administrative elite, a change in political ideas can be noted. Many of those who now belong to the Reformist faction of the political elite had been, for example, radical leaders in the movement of the Muslim Student Followers of the Imam’s Line (Daneshjuyan-e Khart-e Imam), such as, Abbas Abdi (see 4.3.3.2). Besides men, women have also played an important role in the administrative elite since the Islamic revolution. Their biographies are strongly connected to the revolution. For women to become members of the political elite, family ties seem to be even more important than for men, for example, Zahra Khomeini, the daughter of Khomeini, who was Member of Parliament and active in the women’s movement, as well as Fa’ezeh Hashemi Rafsanjani, the daughter of former President Hashemi Rafsanjani. The administrative elite are viewed by the population as ”normal” politicians and are evaluated according to their political achievements, for which they compete with each other (Reissner 2002: 196);

(3) The discourse elite. The discourse elite are members of the political elite who participate in the discourse on economic, socio-cultural, and foreign policy issues. To the discourse elite belong members of the inner circle elite, members of the administrative elite, clerics outside the inner circle elite, as well as academics, writers, and journalists. For example: former President Khatami, who belonged to the inner circle elite, can also be counted as part of the discourse elite; equally so can a journalist who gained political significance by writing a specific article; or religious lay and clerical public intellectuals, such as Abdolkarim Soroush, Mohammad Mojtahed Shabestari and Mohsen Kadivar (to be discussed in chapter 4.3.3.1).

The relation between the inner circle elite and the discourse elite can be described as a kind of ideological rivalry. At the heart of the debates are questions on what role Islam and the clergy should play in politics. More recently, the secularization problem has gained in significance in this dispute. The dispute between the inner circle elite and the discourse elite has led to a change of political culture, even in the political state institutions. The inner circle elite is no longer able to distance itself from this dispute (Reissner 2002: 198-99).
Figure 2.2. The Informal Power Structure in Iran 2007

Discourse elite
Members of the political elite that influence directly or indirectly the decision-making process and political discourses in Iran: members of the inner circle and administrative elite, journalists, writers

Administrative elite
Representatives from the executive, judicial, and legislative branches, provincial governors, mayors of important cities, technocrats

Inner circle elite
The most powerful members of the political elite from the executive, judicial, and legislative branches; the Council of the Guardian, the Assembly of Experts, the Expediency Council, heads of the religious foundations, representatives of the supreme leader

The rising demand for reforms by the Iranian population has shifted the discussion of reform from within elite circles, to more secular intellectuals and activists in non-governmental organizations and universities (Yousefi-Eshkevari 1998 and 2000). To this public intelligentsia belong, for example, Abbas Abdi, Akbar Ganji, and Saeed Hajarian (chapter 4.3.3.2). This development in the political discourse distinguishes itself from the earlier discourse in that the new secular thinkers no longer aim to protect Islamic identity in politics and believe that an ideal form of government does not necessarily have to be based on Islam (Gheissari and Nasr 2004: 103).

The next section looks at the material bases of the political factions, on which the power and interests of the different factions partly rests.

2.4 Economic Resources of the Political Elite

The three main factions of the Iranian political elite have different ideas on how the economy in Iran should be organized. While the Conservative faction protects the traditional sectors of the economy, and only partly promotes privatization policies, the Pragmatist faction and the Reformist faction both support privatization (see below for further elaboration on the factions’ position on economic issues). According to Akhavi-Pour and Heidar Azodanloo, economic policies do not derive from differing ideologies of the three factions but from the different economic bases each faction depends on. They argue that:

“the decisions of Islamic political groups and government factions are based on economic and political policies that are expected to maximize their economic gains” (Akhavi and Azodanloo 1998: 69).

The economic strength of the different political factions is based on their different financial sources (table 2.1). The most important source of income in the IRI is its oil and gas resources. The rent from the oil and gas exports gives the Iranian political elite

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<th>Sources</th>
<th>Conservative Faction</th>
<th>Pragmatist Faction/Reformist Faction</th>
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<tr>
<td>Oil and Gas Revenues</td>
<td>+++</td>
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<td>Taxes and Fees</td>
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<td>State Enterprises</td>
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<td>Municipalities’ Income</td>
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<td>Mosques, Holy Shrines</td>
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<td>Religious Tax (&quot;khums&quot; and &quot;zakat&quot;)</td>
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<td>Religious Foundations</td>
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</table>

Table 2.1 Economic Resources of the Three Main Political Factions in Iran

a relative independence from society. Economic relations between state and society are not regulated by taxes but by a network of direct and indirect subventions (Maloney 2000). The Pragmatist and the Reformist factions rely on official sources that stem from fiscal tools (taxes, fees, and borrowing), and oil and gas revenues (the main source of foreign currencies). They also control some major state economic enterprises (mining, manufacturing, and services). The Conservative faction relies on fiscal revenues as well as non-official sources of income that lie outside the fiscal tools. Three main economic sources of income of the Conservative faction are the mosques, the Shi’ite holy shrines and sites, and the religious foundations (Akhavi-Pour and Azodanloo 1998: 75).

Thus, while the Pragmatist and the Reformist factions rely on official economic sources within the fiscal tools, the Conservative faction receives its major income from religious sources and the foundations, outside the fiscal tools. Until now, the Conservative faction has the political tools and fiscal means to maintain a dominant position both in political and economic life of the IRI.

As long as the Pragmatist and Reformist factions are unable to successfully consolidate their financial and economic resources, the divisions over economic sources, between the factions, will continue to have its effect on overall policy formulation.

2.5 Elite Recruitment
The most important aspects, in terms of recruitment of the political elite, are personal contacts and traditional networks. The most important institutions in the network of contacts are dowreh (circle) and parti or partibazi (nepotism). Dowreh means a circle of individuals that have the same (including religious) interests, profession, or went to the same school. They meet frequently. The institution of dowreh does not only exist between the urban upper and middle class but also in the rural area lower classes. An individual can be a member of several dowrehs and by this create a network of communication and interaction, which plays an important role in elite recruitment, especially of the administrative elite. Parti is the institutionalized praxis of lobbyism among this circle of individuals (Beeman 1986: 44-50). Religiously oriented circles, hey’at (for men) and jaleseh (for women), traditionally are closely connected to the bazaar. Many clergy, such as Ayatollah Khamenei and Hashemi Rafsanjani, became famous as speakers in these circles (Naficy 1993: 197-201). A great many members of the clerical elite have studied at the theological Haqqani School in Qom. To thisd group belong former President Rafsanjani, the former intelligence minister Fallahian, Ayatollah Jannati, Head of the Council of the Guardian, as well as Ayatollah Taqi Mesbah Yazdi (McAllester 5 September 2001), advisor to current President Mahmoud Ahmadinejad and member of the Assembly of Experts.

2.6 Factional Rivalries since the Islamic Revolution
The three main political factions, the Conservative faction, the Pragmatist faction and the Reformist faction, and their ideas on economic, socio-cultural, and foreign policy
issues are the result of a rivalry for power between them that started with the establish-
ment of the IRI in 1979. This rivalry for power can be distinguished into four phases: (1) from 1979 until 1989; (2) from 1989 to 1997; (3) from 1997 to 2005; and (4) since 2005.

During the first phase, the struggle for power was carried out between two main factions, the Conservative faction and the Radical Left faction. From the mid 1980s emerged a new third faction, coming forth out of the Conservative faction, namely the Pragmatist faction. The mid-1990s introduced a new phase of factional rivalry with the emergence of the Reformist faction. The Reformist faction partly emerged out of the Radical Left faction, the latter ceasing to exist. In 2005 a split within the Conservative faction took place between Conservatives and “neo-Conservatives.”

The next section analyzes the struggle for power among the different political factions from a historical perspective since 1979, and their (changing) positions on economic, socio-cultural, and foreign policy issues.

2.6.1 Factional Rivalries for Power 1979-1989

In 1979, Ayatollah Khomeini, as the leader of the revolution, successfully overthrew, with the support of a wide range of secular and Islamic social forces, the modern secular-authoritarian regime of Mohammad Reza Shah. Khomeini’s eventual success in establishing a semi-theocratic republic was largely a result of his followers’ ability to mobilize Shi’ite religious institutions and his focus on mass grievances against the Shah’s regime. Ayatollah Khomeini’s victory not only reflected his capabilities as a charismatic leader and his ability to gain mass backing but also the failure of the Shah’s regime to keep the support of the modern urban social forces it had created by rapid modernization from above.38

Ayatollah Khomeini was able to eliminate the main secular and liberal Islamic social forces, which had supported him in the first two years after the revolution. In November 1979, Mehdi Bazargan, the leader of the Liberation Movement of Iran (Nehzat-e Azadiye Iran) 39, and Prime Minister of the first post-revolutionary government, resigned during the American embassy hostage crisis of 1979-1980, leading to the elimination of the liberal Islamic forces from the power block (see chapter 5.3).

When Mehdi Bazargan was appointed as the first post-revolutionary prime minister of the IRI, as head of the Provisional Government, most people in opposition hoped that he would lead the country towards political freedom and free enterprise. It was

38. On the mobilization of the different revolutionary social forces in Iran see Amineh, M. P. *Die globale kapitalistische Expansion und Iran*—*Eine Studie der iranischen politischen Oekonomie 1500-1980*, (Muenster, Hamburg, London: Lit Verlag, 1999), ch. 13; see ibid. chs. 9 – 11 on modernization from above or “passive revolution” in the 1960s and 1970s in Iran under the reign of Mohammad Reza Shah.
expected that Mehdi Bazargan would continue the path of the Shah’s economic policies but in a less autocratic way. For a few months, Ayatollah Khomeini and the majority of the secular groups supported Bazargan. In its early days, the Provisional Government even had active cooperation with the West, including the US. But with pressure from the Radical Left faction and the Conservative faction, as well as from the revolutionary Komitehs, Bazargan became, as he described it himself, “a knife without a blade.” Members of the Revolutionary Council and the most radical people of the anti-Shah coalition demanded a fundamental restructuring of the economy and an isolationist foreign policy. Additionally, the Provisional Government was unable to keep up to its promises of free housing, water, electricity, and public transport. Thus, both domestic and foreign policy factors contributed to the downfall of the Provisional Government (Amuzegar 1993: 34-35).

In 1981, Abolhassan Banisadr, elected as president in 1980, was forced to abdicate because he openly criticized the concentration of decision-making and the supremacy of the supreme leader — Ayatollah Khomeini — in the political system (Bazargan, 1983, 1984; Rahnema and Nomani, 1990).

The different political Islamic forces that remained were united in the IRP, which had been established in 1979. The unification of the various Islamic forces in the IRP was followed by heavy tensions between these groups. Khomeini managed to prevent an open conflict between them, but was unable to prevent the IRP from splitting due to their different views on economic, socio-cultural, and foreign policy. In June 1987, its leadership agreed to dissolve the party. The IRP coalesced into two major political ideological camps:

(1) Those who supported private property, opposed the export of the revolution, but were socially conservative were called “conservative,” “moderate,” or “pragmatic” — the Conservative faction;

(2) Those who advocated state intervention into the economy and supported the “Export of the Revolution” were the “left” or the “hardliners” — the Radical Left faction.40

Some people, including Hashemi Rafsanjani favored state intervention in the economy, but were socially conservative. They were called “reformist” but were counted in the camp of the Conservative faction (Akhavi 1987; Behrooz 1991; Ehteshami 1995).

The Conservative faction (Buchta, 2000; Reissner 2000) or “Fundamentalists” (Seifzadeh 2001) or “Traditional Right” (Behdad 2000) or “Conservative/Traditional Right” (Moslem 2001) consisted mainly of religious traditionalist, socio-political conservative clerics, and religious technocrats. In the early years after the revolution the Conservative faction supported a pragmatic domestic and foreign policy. They promoted pri-

40. When speaking about “Conservative” and “Left” the connotation is not the same as what is generally understood when using these terms, but to make a general distinction between different streams of ideas and policies among the Iranian political elite.
vate property and were opposed to the taxation of the private sector by the state. They
demanded the strict application of the *shari’a* (Islamic law) and were opposed to the
Export of the Revolution to other Islamic countries. They were supported by the traditional
Iranian bourgeoisie, the *bazaaris*, as well as the ultra-orthodox clergy, and highly

A group around Hashemi Rafsanjani was always considered to be in one camp with
the Conservative faction until the mid 1980s, when Hashemi Rafsanjani formed his
own faction – the Pragmatist faction – and became president after the death of Ayatol-
lah Khomeini. The Pragmatists were close to the Conservatives in their socio-cultural
ideas, but in contrast to the Conservatives, they followed the “Radical Left” in support-
ing state intervention and high taxation (Moslem 2002: 48-49).

The Radical Left consisted mainly of social revolutionaries, independent clerics, and
religious laypersons. The Radical Left followed a dogmatic policy based on a state-con-
trolled and egalitarian economic policy and the Export of the Revolution.

The categorization into different factions also has its problems, as it fails to bring
to the fore the overlaps between the factions. For example, although the Radical Left
faction had a state centric view on economic issues and aimed at “exporting the revolu-
tion” to other countries, it was relatively moderate on socio-cultural issues. The Con-
servative faction, to the contrast had a moderate position on foreign policy issues, but
was narrower minded in the socio-cultural field than the Radical Left faction (table
2.2). Again others, like Rafsanjani, who belonged to the Conservative faction was actu-
ally closer to the Radical Left faction in economic issues (Moslem 2002: 91).

The Radical Left faction dominated the first *majles* (1980-1984) and the second *ma-
jles* (1984-1988), as well as the executive and judicial branches of the republican institu-
tions, until the presidential elections of 1989.

### 2.6.2 Factional Rivalries for Power 1989 -1997

In the second half of the 1980s and in the early 1990s, two intellectual and political
groupings emerged that both set in motion the public debate of reform in Iran. The first
group emerged within the ruling government, the Pragmatist faction, led by Hashemi
Rafsanjani. The Pragmatists promoted reforms in accordance with the theocratic re-
gime. The second group emerged a couple of years later among dissident lay Islamic
intellectuals, such as Abdolkarim Soroush. This latter group were in opposition to the
idea of the *velayat-e faqih*, the supreme leader as the ultimate decision-maker, and ad-
vocated an Islamic state not controlled by the supreme leader. Neither of these groups
represented a consistent social movement or advocated the separation of religion from
politics, but rather sought reform within the existing theocratic system (Gheissari and
Nasr 2004: 95).

The Pragmatist faction was able to attract members of the new middle class, as well
as segments of liberal tendencies. At that time, however, the Radical Left faction still
controlled the executive, legislative, and judiciary branches, that is until the presidential
elections in July 1989. The conflict between the three factions, the Conservative faction, the Pragmatist faction, and the Radical Left faction intensified after the dissolution of the IRP in June 1987 and the cease-fire with Iraq on 20 August 1988. A major dispute between them was: what strategy would be most suitable for reconstructing the national economy and those areas of the country that had been most affected by the war with Iraq (chapter 3.2.3). Although the Radical Left faction kept its position in the majles until 1992, the death of Khomeini in 1989, and the election of Hashemi Rafsanjani as president, showed that the Pragmatists, together with the Conservatives, won that new phase in the struggle over state power (Amirahmadi 1990: 22-23).

The cooperation between President Rafsanjani and Supreme Leader Khamenei systematically deprived the Radical Left of most of its power base in the political system (Hermann 1994). Between 1989 and 1990, a number of supporters of the Radical Left faction lost their positions in government, which was a manifestation of the dominance of pragmatism in the IRI (Behdad 1995: 117-118). In the elections for the fourth majles (1992-1996) in April 1992, the Radical Left faction gained only 79 seats out of 270.

As Ayatollah Khamenei – the new Supreme Leader after the death of Ayatollah Khomeini – was not an authority as great as Khomeini, it was President Rafsanjani who took over Ayatollah Khomeini’s role in setting the direction and principles of the IRI. President Rafsanjani pursued a policy of socio-economic liberalization (chapter 3.3) that received mixed reactions from the various factions.

41. The emergence of Hashemi Rafsanjani as president was a significant development in post-Khomeini Iran. During his presidency from 1989 to 1997 he was able to achieve fame as the architect of a new Iran or Commander of Constructiveness Sandar-re Sazandeghi (Moslem 2002: 142).
42. Among them were Ahmad Khomeini (Ayatollah Khomeini’s son), Mir Hossein Musavi (former Prime Minister), Abdolkarim Musavi-Ardebili (former Head of the Supreme Judicial Council), Mohammad Musavi-Khoiniha (former Prosecutor-General), Ali Akbar Mohtashami (former Minister of the Interior), and Behdad Nabavi (former Minister of Heavy Industries).
44. Among those who lost their seats, either because they were disqualified by the Council of the Guardian or because they were not elected, were Fazel Harandi, Mohammad Salamati, Mortaza Alviri, Mehdi Karrubi, Sadeq Khalkhali, Hadi Khamenei, Asadollah Bayat, Abolqasem Sarhadizadeh, Atefeh Reja’I, and Abbas Duzduzani. The most notable figures who lost the election were Ali Akbar Mohtashami and Mohammad Musavi Kho’iniha, two leading figures of the Radical Left faction and great critics of the Pragmatists faction (Behdad 1995: 121-122).
Table 2.2 Political Positions of Political Factions 1979-1989

<table>
<thead>
<tr>
<th>Faction</th>
<th>Politics</th>
<th>Economy</th>
<th>Socio cultural issues</th>
<th>Foreign policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Faction</td>
<td>Conservative¹</td>
<td>Traditional²/Liberal³</td>
<td>Conservative³</td>
<td>Conservative⁴/Liberal⁵</td>
</tr>
<tr>
<td>Radical Left Faction</td>
<td>Conservative¹</td>
<td>Nationalist⁴</td>
<td>Liberal⁶</td>
<td>Conservative⁷</td>
</tr>
</tbody>
</table>

Notes:
Politics: ¹conservative (supportive of the velayat-e faqih)
Economy: ²traditional (supportive of the traditional economic sectors)
³liberal (market economy)
⁴nationalist (state controlled economy)
Socio cultural issues: ⁵conservative (great restrictions on individual freedom)
⁶liberal (limited individual freedom as legitimized by Islam)
Foreign policy: ⁷conservative (isolation)
⁸liberal (dialogue with the US)

While the Conservative faction, especially the bazaaris among its supporters, welcomed (limited) economic liberalization, it opposed his liberal attitude in socio-cultural issues (chapter 4.3) and his pragmatic approach to foreign policy (chapter 5.3) or what they called the “Westernization” of the IRI. The Radical Left faction in contrast, opposed Rafsanjani’s liberal economic policies and pragmatic foreign policy while supporting his socio-cultural views.

2.6.3 Fractional Rivalries for Power 1997-2005

By 1995, factionalism had entered a new stage. Rafsanjani and his Pragmatist faction gradually shifted from an alliance with the Conservatives to the Left faction. Although, on opposite sides of the factional spectrum, the Pragmatists and the Radical Left shared some ideological facets, such as a common belief in a moderation of the socio-cultural sphere. Additionally, both factions supported a modern economic policy, with the Left stressing a state-initiated industrialization and the Pragmatists a greater participation of the private sector. The Conservative faction mainly represented the interests of the traditional economic classes – especially the bazaaris – and protected the activities of the religious foundations. Besides their ideological similarities three other factors had brought the Pragmatists and the Radical Left factions closer together by 1994:

1. A decrease in radicalism on the side of the Radical Left faction;
2. More statism from the side of the Pragmatist faction;
3. A shared interest to confront the Conservative faction.

What probably still was a point of division between the two factions were the relations with the US, although many members of the Radical Left faction had already softened their position on that issue (Moslem 2002: 142-43, 227-23).
The crisis of the IRI after the death of Khomeini led, in the early 1990s, a number of religious lay Islamist intellectuals and activists to criticize the political structure of the IRI. Among these critics was Abdolkarim Soroush, who enthusiastically had supported Khomeini, during the revolutionary period in 1978-79, and in the early 1980s belonged to the Radical Left faction of the IRI. He was a member of the Council of the Cultural Revolution, and used to play an important role in formulating the ideology of the IRI during its initial phase of existence. But, in the early 1990s, he and other thinkers and writers became increasingly dissatisfied with the IRI. Abdolkarim Soroush criticized the inflexibility of the ideology of the IRI, the influence of the clergy in the political system of the IRI, and especially the position of the supreme leader within it. In his later works, Soroush, has called for a reformation of Islam from “within,” paving the way for more pluralism within Islam and an “Islamic democracy” (see further chapter 4.3.3.1). However, his ideas appeal more to those whose aim it is to carry out reforms based on Islamic ideals, but not so much to those Iranians who have become concerned with secular democracy outside Islamic reform. That means, as the reform debate no longer is reserved to those within the political regime but also to the public, the religious lay intellectuals have become less central within the democracy debate (Gheissari and Nasr 2004: 96-97).

In the mid-1990s the Reformist faction emerged out of the Radical Left faction that gradually ceased to exist. With the election of Mohammad Khatami as president it became institutionalized. Against the backdrop of the complex of problems the IRI has been confronted with – including increasing unemployment, inflation, economic mismanagement (chapter 3), and restrictive socio-cultural policies – the struggle for power between the different factions and their different visions on economic, socio-cultural, and foreign policy issues has intensified (Chubin 2002: 18).
Table 2.4 Political Positions of Political Factions (1997-2005)

<table>
<thead>
<tr>
<th>Faction</th>
<th>Politics</th>
<th>Economy</th>
<th>Socio cultural issues</th>
<th>Foreign policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conservative Faction</td>
<td>Conservative¹</td>
<td>Traditional²/Liberal³</td>
<td>Conservative¹</td>
<td>Conservative²/Liberal³</td>
</tr>
<tr>
<td>Pragmatist Faction</td>
<td>Conservative¹</td>
<td>Liberal⁴</td>
<td>liberal⁶</td>
<td>Liberal⁷</td>
</tr>
<tr>
<td>Reformist Faction</td>
<td>Conservative¹/Liberal²</td>
<td>Liberal⁵</td>
<td>liberal +⁸</td>
<td>Liberal⁹</td>
</tr>
</tbody>
</table>

Notes:
Politics: ¹conservative (supportive of the velayat-e faqih system),
²liberal (limits to the velayat-e faqih system.)
Economy: ³traditional (supportive of the traditional economic sectors),
⁴liberal (market economy).
Socio cultural issues: ⁵conservative (great restrictions on individual freedom),
⁶liberal (limited individual freedom as legitimized by the Islamic ideology),
⁷liberal + (individual freedom).
Foreign policy: ⁸conservative (isolation),
⁹liberal (integration in international relations).

During Mohammad Khatami’s presidency some clergy intensified their critique on the political system. These thinkers, some of whom had already initiated their critique before the mid-1990s, put forward new religious and political formulations that, in various ways, differed from the theocratic vision of the principle of the velayat-e faqih. In some regards, these reformist clergy were continuing what Abdolkarim Soroush had started. However, given the fact that their critique came from within ulama circles, it carried particular significance. The most notable reformist clergy are Ayatollah Hossein-Ali Montazeri (at one time Khomeini’s heir apparent), the late Mehdi Haeri-Yazdi (a noted philosopher and senior member of the clergy), Seyyed Mostafa Mohaqeq-Damad (a prominent professor of Islamic law and an authority on the judiciary), Mohsen Kadivar (a student of Montazeri and candidate for president in the elections of 2005), Mohammad Mojtahed Shabestari (full professor of philosophy at the University of Tehran), Mohsen Saidzadeh (writer on human and women’s rights) and Hassan Youssefi-Eshkevari (writer) (Kamrava 2003; Mirhosseini 1998). The reformist clergy, each in different ways, question the primacy of the supreme leader in the Islamic state (Mojtahed-Shabestari 2000).

The urgency for reform, even felt by the Iranian political elite, made the way free in the late 1990s for President Khatami to carry out some reforms, encourage debate and criticism, and support popular sovereignty. With these promises Khatami won four elections: two presidential (1997, 2001); one parliamentary (2000); and one in local councils (1999). Each election with a large majority of about 70 percent of the votes. The post-revolutionary generation became increasingly disappointed, but also angry, with: the ruling elite; the lack of political and cultural freedom; and economic distress. Mohammad Khatami was seen as the regime’s ultimate savior. President Khatami’s plans to guarantee the supremacy of the rule of law and the need for civil society were
embraced by the so-called “2nd of Khordad” coalition (the date when Khatami was first elected), consisting of:

“...politically organised students and young first-time voters, women, pro-democracy liberals, human rights activists, rising secularists, reform-minded clerics, disadvantaged economic strata and a critical mass of voters seeking change” (Amuzegar 2004: 76-77).

However, all groups who saw in President Khatami a hope for change were already disappointed within the first four years of his presidency. The low voter turnout in his second run for office (67 percent compared to 83 percent four years earlier) reflected this discontent. During this period, the Conservatives, for their part, feared losing their power. If political authority was to be passed on from the divine (velayat-e faqih) to the popular, this would threaten their own position within the political system and their control of important state institutions and their aligned institutions (Chubin 2002: 20-21). In 2005, the Conservatives, therefore, supported Mahmoud Ahmadinejad in the presidential elections.

2.6.4 Factional Rivalries for Power Since 2005

Mahmoud Ahmadinejad (his original name is Mahmoud Saborjian) has stuck to his beliefs since his childhood. This fact has been the most important aspect of his career. During the 1970s when many young Iranians turned secular Mahmoud Ahmadinejad did not. When the Islamic revolution took place, people, like Ayatollah Seyyed Mohammad Hosseini Beheshti45, became aware of Mahmoud Ahmadinejad’s loyalty and helped him further his career. After the Islamic revolution and the war with Iraq, members of the IRGC became businessmen and made a lot of money. Ahmadinejad stayed a civil servant until he was elected president. During the late 1990s and early 2000s, former members of the IRGC, such as Akbar Ganji, and also members of the Conservative faction joined the Reformist faction. Mahmoud Ahmadinejad was one of the strongest opponents of the Reformist faction. Supreme leader Khamenei noticed Mahmoud Ahmadinejad when he was looking for a loyal person as president. This was the main reason why Khamenei supported Ahmadinejad’s candidacy and why Mahmoud Ahmadinejad was able to rise to be president (Javedanfar 29 May 2007).

It is interesting to note that during the presidential election of 2005 all candidates, including Mahmoud Ahmadinejad, very rarely referred to the Islamic ideology or Ayatollah Khomeini’s ideas. As Adib-Moghaddam notes (2006: 668), the candidates no longer strive for the approval of the supreme leader but for the vote of the people. But, the fact that Mahmoud Ahmadinejad did not refer to Ayatollah Khomeini’s ideology during his

45. Ayatollah Beheshty was an Iranian clergy, the secretary-general of the IRP, and the head of the IRI’s judicial system. He was killed at the age of 52 together with more than seventy members of the IRP on 28 June 1981 by a bomb planted by the radical group Mujahedin-e Khalq.
The Iranian political elite can also be understood differently. As Mohammadi (August 2007) notes, President Ahmadinejad represents a group of people within the Iranian political elite with a military background, that sees its legitimacy not based on the velayat-e fa-qih system but on the Twelfth Imam directly. Examples are: Ahmadinejad's statement that he was “enveloped in a halo of light” at the UN; and Ayatollah Meshkini's claim that all members of the seventh majles have been approved by the Twelfth Imam. This group’s ideology does not rely on the revolutionary principles, as developed by Ayatollah Khomeini, but on a kind of “utopia.”

Mahmoud Ahmadinejad was brought to power by the Conservatives and the Iranian poor, the latter of which he promised a better life (Leroi-Ponant December 2006). In his electoral campaign, Mahmoud Ahmadinejad had criticized the large gap between rich and poor, and corruption. By voting for him, people showed their criticism of the previous two presidents, Hashemi Rafsanjani and Mohammad Khatami, who were not able to narrow the gap between rich and poor. As Gasiorowski notes, some of those who voted for Mahmoud Ahmadinejad also felt that their criticism on the socio-cultural liberalization policies (a loose dress code for women, public romantic activity, and gender mixing) was best represented by him. Therefore, it is not so clear whether mainly poor people voted for him or those who are against more liberal socio-cultural policies. However, Gasiorowski thinks the rich-poor divide was probably more important for his election:

“The gap between Iranians who support and those who oppose this liberalisation largely parallels the rich-poor divide, so it is difficult to say how much the election reflects anger at liberalization and how much at the gap between rich and poor. My guess is that the election outcome mainly reflects the latter, but the former certainly was important for some” (Gasiorowski 29 June 2007).

Mahmoud Ahmadinejad’s victory in the second round was not very surprising, given the fact that his only competitor was Hashemi Rafsanjani, during whose presidency thousands of Iranian political prisoners were executed46, and who is one of the richest men in the IRI. Hashemi Rafsanjani, thus, was not a very attractive candidate to vote for. But, Mahmoud Ahmadinejad’s victory should also not be exaggerated. In the second round only 36 percent of the electorate voted for him while in the first round 38 percent voted Conservative candidates and 40-45 percent Reformist or Pragmatist candidates. The Iranian electorate was thus polarized (Gasiorowski 29 June 2007).

46. In 1999 Ervand Abrahamian published a book, an investigation on torture and executions in Iran since the Islamic revolution. Special attention is paid to the mass executions of political prisoners in 1988, during which (depending on the source) 2,500 to 12,000 people were killed. The mass killings were hardly noticed in the Western press at the time and are not discussed in the Iranian press until today, even in the reformist newspapers. See further Abrahamian, E. Tortured Confessions: Prison and Public Recantations in Modern Iran (Berkeley: University of California Press, 1999).
Ahmadinejad’s election as president, in 2005, brought to power a marginalized minority branch of the Conservative faction, termed by the reformist newspaper *Shargh* and by Ehteshami and Zweiri (2007) “neo-Conservatives,” or “military traditionalists” by Mohammadi (August 2007). This group had become radicalized after the Iran-Iraq war when it was excluded from policy-making by the then dominant factions of the Iranian political elite, the Pragmatist faction. Mahmoud Ahmadinejad represents a group of younger ideologues closely connected to the revolutionary military forces (the IRGC and the *basij militia*). Most members of Ahmadinejad’s cabinet are second-generation revolutionaries without any political experience. Their worldview is dominated by the events of 1979. They argue that the Iranian society has been unsuccessful in realizing the revolutionary Islamic principles. In contrast to these ideas, the Conservatives now recognize that there are limits to implementing Khomeini’s radical ideas (Hen-Tov 2007).

During his electoral campaign Ahmadinejad complained bitterly about Iran’s moral and cultural decay. He (himself a non-cleric) accused his two predecessors (President Rafsanjani and President Khatami, two fairly high-ranking clerics) of having failed to establish a “true Islamic state” in Iran. He criticized the huge state bureaucracy and state centrism. Like other presidential candidates he kept away from foreign policy, but focused on the economy. Ahmadinejad promised the Iranian people “to put the oil money on everyone’s dinner table.” He said he would put an end to what he called the “oil mafia.” But, unlike President Rafsanjani and President Khatami, with their Structural Adjustment Program and Economic Rehabilitation Plan (chapter 3), President Ahmadinejad had no profound economic plan to bring Iran out of its economic crisis (Amuzegar 2007: 38-40).

After his election as President, Ahmadinejad undertook a profound reorganization of power in the state apparatus, with several thousand posts changing hands, even down to university rectors and deans (Leroi-Ponant December 2006).

Still, Mahmoud Ahmadinejad’s victory was a victory for the Supreme Leader Khamenei rather than Ahmadinejad himself. Supreme Leader Khamenei and his Conservative faction now control Iran’s domestic and foreign policy institutions.47

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But as outlined above, the 2005 presidential election also split the Conservative faction (Table 2.5), between the Conservatives and neo-Conservatives (Sohrabi April 2006: 3), to which President Ahmadinejad belongs.

People like Hashemi Rafsanjani have the most to fear from President Ahmadinejad’s policies, and promises to combat corruption and alleviate income equality. This conflict of interest has created tensions between Hashemi Rafsanjani and President Ahmadinejad, and will affect Iran’s politics in the short-term.48

Ahmadinejad’s confrontational style of rule has also provoked discontent among some parts of the Conservatives. In 2005, Conservatives in parliament voted three times against Ahmadinejad’s nominated candidates as oil minister.49

In October 2005, Supreme Leader Khamenei, extended Expediency Council Chairman, Hashemi Rafsanjani’s, powers by granting the Expediency Council greater oversight over the president, the majles speaker, and the head of the judiciary system. This

Table 2.5 Political Positions of Political Factions (since 2005)

<table>
<thead>
<tr>
<th>Faction</th>
<th>Politics</th>
<th>Economy</th>
<th>Socio cultural issues</th>
<th>Foreign policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neo-Conservative</td>
<td>Conservative¹</td>
<td>Traditional¹</td>
<td>Conservative¹</td>
<td>Conservative¹</td>
</tr>
<tr>
<td>Conservative</td>
<td>Conservative¹</td>
<td>Traditional¹/ Liberal⁴</td>
<td>Conservative⁵/ liberal⁹</td>
<td>Conservative⁵/ Liberal⁹</td>
</tr>
<tr>
<td>Pragmatist Faction</td>
<td>Conservative¹</td>
<td>Liberal⁴</td>
<td>Liberal⁹</td>
<td>Liberal⁹</td>
</tr>
<tr>
<td>Reformist Faction</td>
<td>Conservative¹/ Liberal²</td>
<td>Liberal⁴</td>
<td>Liberal+⁷</td>
<td>Liberal⁹</td>
</tr>
</tbody>
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Notes:
Politics: ¹conservative (supportive of the velayat-e faqih), ²liberal (limits to the velayat-e faqih system).
Economy: ³traditional (supportive of the traditional economic sectors), ⁴liberal (market economy).
Socio cultural issues: ⁵conservative (great restrictions on individual freedom), ⁶liberal (limited individual freedom as legitimized by the Islamic ideology)
⁷liberal+ (individual freedom)
Foreign policy: ⁸conservative (isolation), ⁹liberal (integration in international relations).

move is an empowerment not only of Hashemi Rafsanjani but also of the Pragmatist faction of the Iranian political elite. It is also believed that Supreme Leader Khamenei empowered Hashemi Rafsanjani after pressure by some figures of the political elite, among whom were the Head of the Judiciary, Ayatollah Mahmoud Hashemi Shahroudi, and Head of the Assembly of Experts, Ayatollah Ali Akbar Meshkini.50

The ayatollahs had been forced by Ahmadinejad to write reports on the activities of the organizations and institutions in their charge, which led to demands for Supreme Leader Khamenei to fire Ahmadinejad, referring to the firing of President Banisadr in June 1981. When Supreme Leader Khamenei rejected their demand they threatened to dispose Supreme Leader Khamenei himself. As an alternative, Supreme Leader Khamenei gave Hashemi Rafsanjani more power than President Ahmadinejad (Savy-on 17 November 2005).

Supreme Leader Khamenei has issued several decrees restricting President Ahmadinejad’s executive powers, e.g. a decree based on which, on 25 June 2006, the Strategic Council on Foreign Relations (Shora-ye Rahbordi-ye Ravabat-e Khareji), composed of former government ministers, was created.51 The Strategic Council on Foreign Relations is headed by Kamal Kharrazi, former Minister of Foreign Affairs during Khatami’s presidency (RFE/RL 29 June 2006). The creation of the Strategic Council on Foreign Relations is a demonstration of Supreme Leader Khamenei’s discontent with President Ahmadinejad’s confrontational approach to foreign policy. It is supposed to facilitate the country’s decision-making process, search for new approaches to foreign policy, and make use of foreign policy experts (Samii 29 June 2006).

During the local council elections, on 15 December 2006, President Ahmadinejad experienced a setback, with a large victory for members of the Conservative faction, who are critical of Ahmadinejad. Though the council elections do not affect Ahmadinejad’s government and, therewith, its political course, through these elections the Iranian people could, for the first time since he became President in 2005, show their discontent with President Ahmadinejad (The Associated Press 18 December 2006).

The arrest of 15 British sailors and marines in the Shatt al-Arab waterway, in March 2007, highlighted the problems of legitimacy President Ahmadinejad has gained recently. The soldiers were arrested by the IRGC, which is one of the main pillars of support for Ahmadinejad. It was impossible to negotiate with them about the release of the 15 British. It was finally Ali Ardashir Larijani, Secretary of the SNSC, an advocate of dialogue with the West, who recommended to Supreme Leader Khamenei that he free the captives. He, also, talked to Sir Nigel Shelnwald, former British Prime Minister Tony Blair’s foreign policy advisor. Mahmoud Ahmadinejad and Ali Larijani were both candidates for president in the presidential elections of 2005. They will probably run

50. Ayatollah Meshkini was the first and only head of the Assembly of Experts until summer 2007. He died on 30 July 2007. In September 2007 Hashemi Rafsanjani was elected as his successor.
against each other again in the presidential elections of 2009 (Colvin 22 April 2007). Larijani’s recent resignation as Secretary of the SNSC, in October 2007 (BBC News 20 October 2007), yet again shows the frictions that exist within the Conservative faction of the political elite. It is not yet clear whether he was forced to abdicate, or left his post voluntarily, after a short visit of Russia’s president Putin to Tehran making new offers regarding the Iranian nuclear issue. In the short term, the resignation of Larijani might strengthen Ahmadinejad and his neo-Conservative allies. In the long term however, Larijani might be able to bring large parts of the Conservative faction behind him to support him during the presidential elections in 2009.

Another sign that the neo-Conservatives might have been weakened is the election of Hashemi Rafsanjani, in early September 2007, as head of the Assembly of Experts. He was elected with 41 votes. His closest rival, Ahmad Jannati, received only 34 votes. Rafsanjani replaces Ayatollah Meshkini who died on 30 July 2007. Ayatollah Meshkini headed the Assembly of Experts for 27 years.52

This election is interesting, as Hashemi Rafsanjani is one of President Ahmadinejad’s main rivals and now heads one of the most powerful state institutions of the IRI. The Assembly of Experts not only elects the supreme leader but may also dismiss him, if he does not fulfill his duties.

Only a couple of days before, Supreme Leader Khamenei had replaced the commander of the IRGC. The new commander, Mohammad Ali Jafari, used to be in favor of carrying out a crackdown on students’ demonstrators in the July 1999 demonstrations. At the same time, he stands close to Mohsen Rezale, who was commander of the IRGC between 1981 and 1997, and who ran in the presidential elections of 2005 against Mahmoud Ahmadinejad. Mohsen Rezale is in favor of dialogue with the US on the nuclear issue (Slavin 4 September 2007).

Both appointments are a setback for President Ahmadinejad.

According to Javedanfar, however, it is very unlikely that Ahmadinejad will be kicked out of his office before the end of his term:

“The only way Ahmadinejad could be pushed out of his office earlier than the next presidential elections is if Iran’s Supreme Leader Ayatollah Khamenei decided to cut Ahmadinejad’s term, which he could do through the parliament and the Guardian Council. Despite the decline in Ahmadinejad’s popularity, it is my firm belief that Khamenei will not cut his term, and Ahmadinejad is going to complete his term, which runs out in June 2009. This is because Ayatollah Khamenei thrives on internal stability. This is his number one priority. To push the president out could bring about instability as it would raise the ire of conservatives, who despite Ahmadinejad’s problems, do not want him to lose out to reformists or pragmatists who they view as their bitter rivals.”

He further argues that such an act could be understood as a sign of weakness in the eyes of the US and Europe.

2.7 Summary
The Iranian Islamic revolution brought about a political regime whose nature in the first ten years after the revolution of 1979 was closest to totalitarianism, whilst since then it has rather been of an authoritarian nature with some democratic features. The constitution of 1979 grants supremacy to the supreme leader based on the velayat-e faqih system, while the republican institutions are based on a modern state that finds its origins in the constitution of 1906. The political regime of the IRI is composed both of formal and informal power centers. The formal power centers consist of: the supreme leader; the religious supervisory bodies (the Council of the Guardian, the Assembly of Experts, the Expediency Council and institutions that are considered to be the extended arms of the Supreme Leader with no legal status); the republican institutions (the executive, judiciary, and the legislative); and the religious foundations. The members of the religious supervisory bodies and the heads of the religious foundations are not elected by the people and not responsible to them. Only the six non-clerical members of the Council of the Guardian are appointed by parliament. The informal power centers are: the different political factions of the political elite (the Conservative faction, the Pragmatist faction, and the Reformist faction) that cut across the state institutions and their aligned institutions, such as the heads and members of state institutions, religious-political associations, the religious foundations, and paramilitary organizations; those individuals that directly or indirectly participate in the decision-making process in Iran and/or in the ideological discourse.

Although all three political factions fall within the pro-Islamic republic sphere, they differ in their respective position on socio-cultural, economic, and foreign policy issues.

However, what is important to note is that, while the different ideas of the factions on political, economic, socio-cultural and foreign policy are often considered as ideological, they in fact cover the defense of material interests and power of the factions, especially the Conservative faction, which fears to losing its control of economic institutions (the religious foundations) and the security organizations. The economic strength of the different political factions is based on their different financial sources. While the Pragmatist and the Reformist factions rely on official economic sources within the fiscal tools, the Conservative faction receives its major income from religious sources and the foundations, outside the fiscal tools. Until now, the Conservative faction has the political tools and fiscal means to maintain a dominant position both in political and economic life of the IRI.

Furthermore the political factions are not coherent groups:
(1) There is no clear leader in each faction and the factions consist of a loose coalition of groups and individuals;
(2) Since the death of Khomeini, the political factions have often modified their
views, mainly for short-term political reasons, and different opinions in one faction have often caused disruptions and the creation of alliances with other factions or new factions;

(3) The factions have no coherent organizational structure and, also, no official political program;

(4) To tell which individual or organization belongs to what faction can only be seen by how an individual or an organization sees itself, not by official membership.

The existence of the three main political factions and their differing ideas on economic, socio-cultural, and foreign policy issues are the result of a rivalry for power that started with the establishment of the IRI in 1979, and continues until today. The rivalry between the different factions can be distinguished into four phases:

(1) From 1979 until 1989, the rivalry was between the Conservative faction and the Radical Left faction. Shortly after the Islamic revolution Ayatollah Khomeini eliminated the secular and liberal Islamic social forces from power. The Radical left faction became dominant. It followed a dogmatic policy based on state-controlled and egalitarian economic policy, and the Export of the Revolution;

(2) From 1989 to the mid 1997, there was a rivalry for power between the Conservative faction, the Radical Left faction, and the Pragmatist faction. The latter faction split from the Conservative faction. During Hashemi Rafsanjani’s presidency, the Radical Left faction was gradually eliminated from power. Supreme Leader Khamenei was not as charismatic a leader as Ayatollah Khomeini. Therefore, President Rafsanjani set the direction and principles of the IRI, following a policy of social and economic liberalization. The Conservative faction, especially the bazaaris among its supporters, welcomed economic liberalization, but opposed Rafsanjani’s liberal attitude in socio-cultural issues and his pragmatic approach to foreign policy (chapter 5). The Radical Left faction opposed Rafsanjani’s liberal economic policies and pragmatic foreign policy while supporting his socio-cultural views;

(3) From 1997 to 2005, the rivals were the Conservative faction, the Pragmatist faction, and the Reformist faction. The latter of which emerged out of the Radical Left faction, when it ceased to exist. Through the election of Mohammad Khatami as president the Reformist faction became institutionalized. Among President Khatami’s political plans were a guarantee of the rule of law and strategy to bring the IRI out of its economic crisis. During his presidency issues, such as democracy and civil society, were discussed and the political system of the IRI based on the principle of the velayat-e faqih was questioned among clerical and lay intellectuals. However, President Khatami was not able to live up to his promises and he lost the support of the Iranian population. The Conservative faction feared to loose its power and supported Mahmoud Ahmadinejad in the presidential elections of 2005;

(4) Since 2005, the rivalries have been between the Conservative faction and its branch, the neo-Conservatives (to which President Ahmadinejad belongs), the
Ahmadinejad’s election as president brought to power a marginalized minority branch of the Conservative faction, the neo-Conservatives, most of whom have a military/security background and do not base their legitimacy on the ideas of Ayatollah Khomeini, but on the Twelfth Imam himself. President Ahmadinejad criticized the huge state bureaucracy and promised to close the gap between rich and poor in Iran. He even accused his forerunners, President Rafsanjani and President Khatami (two clergy) of having failed to establish a real Islamic state. Ahmadinejad is criticized for his economic and foreign policies even from his neo-Conservative allies. One of his greatest critics is Hashemi Rafsanjani. It is not yet clear whether the neo-Conservative faction will be strengthened in the course of time or rather weakened. The election of Hashemi Rafsanjani as head of the Assembly of Experts, Ali Larijani’s resignation as Secretary of the SNSC, and the appointment of Mohammad Ali Jafari as commander of the IRGC by Supreme Leader Khamenei rather tend to proof the latter.

Since the Islamic revolution, political power, power over the military, and power over the economic system has mainly been in the hands of the Conservative faction of the political elite. That means the Conservative faction, up until now, has been the driving force behind economic, socio-cultural, and foreign policy formulation since the revolution.

In the following chapters 3-6, the effects of the rivalry between the different factions for power since the Islamic revolution over economic, socio-cultural, and foreign policy formulation will be analyzed. The central guiding questions for all chapters are: what is the driving force for a faction to pursue specific policies, are the motives ideological, pragmatic, or a combination of both? What roles do domestic and global developments play in policy formulation?