

## Economic approaches in political development of Iran

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**Abstract:** Late of Qajar age and during Pahlavi period, civil and political organs have not developed appropriately although economic growth, but not development necessarily, has occurred while dictatorship became stronger even in Pahlavi period than in Qajar's. After Iranian Revolution, economic growth and development became stagnant due to the war and destruction of many economic infrastructures; and this was visible for political development. Even after the end of war, efforts made to create economic and political improvement and development did not lead to acceptable, reliable and stable results and they failed in creating and stabilizing development in economic and political arenas. In Iran, historical experiences have shown that economic development, in its real meaning, has been dependent more on oil while economically right, prospective and stable industries, infrastructures and management have not been realized yet, despite general policies of our system paying attention to economic- political development consistently, this issue has not become feasible yet. In fact, economic development, which was created in some moments of Iranian history under influence of oil market flourish, creation of industries, and development of roads and domestic/ foreign trade, has resulted in power exclusiveness rather than sociopolitical progress. This is so while in current international system, economy and politics are 2 interrelated domains, non e of which can develop by itself. Real reforms are balances ones with sustainable outcomes. At this very point, reforms are being implemented within all domains in all world's countries, whether developed or developing. Political democracy and economic democracy are considered as two wings, defect of each of which prevents flying, and even it is claimed that economy without freedom and politics without democracy both result in underdevelopment or backwardness. In particular, in globalization age, democracy and market economy are considered unquestioningly essential for countries' survival.

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### 1- Introduction

As a driving force and powerful arm of civil societies, economy plays an important role in development of human societies. On the other hand, political development is one of components of societies' development. So present paper addresses economic and political development while examining contemporary Iranian ruling periods (Qajar, Pahlavi, Islamic Republic).

This research not only points to Iranian economic status during these ruling periods but also examines status of civil and political organs as well as political development in these periods.

### 2- Concept of political development

Simply speaking, development means extension and growth of human infrastructures within different social issues such as health care and sanitation, education, manufacture and politics. But term political development means growth of political infrastructures in human societies such as increased public participation in society political organs and use of democratic legal framework providing a mechanism for having access to political power by different groups; establishment of political parties and group media and informed, with no ethnic or tribal bias,

participation in political occasions at macro and micro levels; free participation elections; establishment and development of democratic organs such as civil- social groups, organs and parties are considered as components of political development.

### 3- Economy and politics interactions during contemporary ruling periods

#### 3-1- Qajarian period

During and late Qajarian period, we observe some relatively economic and political stability and security. The government supported merchant class through expansion of trading relations with the West and its protectionist policies such as tax exemption and imports control. During this period, market trade organizations enjoyed relative influence and autonomy in power structure. Also, late Qajarian period, merchants made investments in establishment of new factories and exploitation of mines. Appointment of head of merchants as a nominal position by king suggested dependency of merchants on power structure. Other titles were also given to prominent and king- trusted merchants such as supervisor of merchants, trustee of merchants and businessmen. With extended foreign trade and West influence, Iranian raw material exports to foreign markets

increased, which, in turn, resulted in extension of a new segment of merchant class with foreign- centered orientation. In this way, selling foreign products inside and exporting raw materials outside the country made Iranian merchant class dependent on foreign countries. In some cases, merchants even put themselves under support from foreign governments. Merchant class was attracted by idea of liberalism meaning no intervention by government in economy and right to private property which were being expanded by intelligentsia while semi- absolute structure of Iranian government was creating obstacles on the way of trading during final days of Qajarian period. On the other hand, idea of economic (and cultural) nationalism tailored merchants' interests. Liberalism and nationalism of merchant class provided an intellectual basis for that class's political activities in political and economic movements in the beginning of constitutional age (Bashiriye. 2007: 155-157).

According to Lambton, landowners who were entrusted by the state the mission of properties management were identified as Khans (Misters). Khans had semi- autonomous local power bases and King expected them to provide their support in critical situations. On the other hand, advent of feudalism in its apolitical meaning was the result of weakness and fade of central government. Also, extension of exports, imports and international trade relations as well as popularity of some Iranian crops (e.g. cotton, linseed, silk, rice and dried fruits) in global markets were another factor strengthening power of some segments of feudal class.

During Qajarian period, since government revenue was dependent on property (land) tax, generally, local Khans and landlords played a highly strong role because they were assigned task of tax collection. In the second half of 19<sup>th</sup> century, power ground of that class was expanded given domestic and foreign transition. Khans were the main elements of ruling class and real owners of peasants.

Establishment of commercial companies by Iranian merchants was one of late 19<sup>th</sup> century's transitions which took place under influence of extended Iranian relations with the West. In that period, Iranian merchants' investments in industries (like establishment of silk- weaving, spinning and cotton gin factories) were significant.

After all, there were major obstacles on the way of emergence of commercial and industrial bourgeoisie in Iran during Qajarian period and even afterwards. In any case, expansion of international trade relations as well as increased imports- exports has created some noticeable mobility within Iranian business classes. Some associations were also established like Isfahan Progress Association, an Islamic Association for promoting national industry production and

encouraging domestic products consumption.

On the other hand, economic dependence of Qajarian government on foreign countries became apparent through granting different economic privileges to super powers and attracting their support and monetary aid. Economic nationalism strengthened markets and merchants. Their first request from Nasser Al-Din Shah Administration to establish Merchant Parliament was in response to establishment of Trade Ministry. Under heavy pressure, Nasser Al-Din Shah issued order of Merchant Parliament establishment, and, in this connection, Tehran merchants formulated a statute. But given then power structure, it was difficult to achieve such a goal (Admitt. 1960: 17).

In general, commercial ties with the West strengthened merchants' economic power, but Qajarian State's autocratic treatment of merchants considerably resulted in their dissatisfaction and, finally, in emergence of Constitutionalist movement. Merchants brought their complaints against government to clergymen while applying to establish Justice.

Based on Charter of National Legislature elections, merchants were recognized as one of six- fold national major classes and given some share of Legislature seats. They attended first round meetings of National Legislature considerably. Merchants along with craftsmen accounted for 25.4% of Parliamentary members in the first round of National Legislature. In early years of Constitutionalist Revolution, idea of creating national companies for industry development flourished. Kashef Al-Saltaneh, for example, submitted a proposal to develop tea plantation and to establish tea factories to National Legislature. One of primitive actions taken by merchants in the first Legislature round was a proposal to ban foreign borrowing and suggestion of establishment of National Bank. During Minor Autocracy period, political activities of merchants and shopkeepers were remarkable, especially in Tabriz city. In the second round of legislature, merchants and shopkeepers advocated Moderate Party while intelligentsia and modernists supported Democratic Party. With changed election Charter and its guild- related regulations, merchants and businessmen gradually lost their weights in Legislature, however, traditional markets and merchants were considered one of major political ranks in Iran during Pahlavi period although economic reconstruction in that period transformed market structure and capitalist classes (Bashiriye. 2007: 156).

In general, Constitutionalist revolution also benefited owners of production means, especially landowners, while guaranteeing approval of documents and property registration Act as well as legal, political security of land ownership. After Reza Shah had seized power and structure of modern

Iranian absolute government and centralization of power sources had been conceived, political influence of aristocrats declined although economic power of that class was not damaged.

### 3-2- Pahlavi period

Since 1921, especially 1932, oil has been a relatively secure revenue source to support governmental expenditure. Since then, total value and share of oil in Iranian exports and products has been increasing. This coupled with semi-modernistic and semi-nationalist thoughts crystallized in Reza Shah character helped revive autocracy in its new appearance. These three factors- oil revenues (in addition to traditional revenue sources and government assets), semi-modernism and semi-nationalism-led autocratic system to extend to that segment of civic society that, in relation to governance, enjoyed considerable autonomy and protected it strictly, namely, religious authorities and community. Self-governance has had different historical and ideological aspects, but its economic foundation was based on religious leaders' and organs' independence from government due to existence of property endowments (typically conflict immune) and direct payment of religious funds to clergymen.

A modern capitalist business class, which emerged in that age, rose from feudal aristocrats and market merchants. Specially, since 1961 on, the government itself encouraged a new financial and industrial capitalist class, which owned about 70% of financial and industrial institutions. Business classes revived after overthrow of Reza Shah Administration due to fading role of government in economy and abolition of governmental monopoly, taking loans and monetary aids from foreign countries and increased imports. During 1941-1953, influence of business capitalist class on government and House increased significantly, especially at Dr. Mossadeq time. In 1953-1961, although capitalist classes' influence declined due to hegemony of Imperial Court and army over the political life stage, their economic power was increasing. During that period, private investment increased by 20% per year. Since early 1960s on, growth of business capitalist class faced some restrictions resulting from taking economic reform policy and placing emphasis on product-industry sector. In contrast, during 1961-1978, a new financial industrial capitalist class was created. In 1963, government held an Economic Conference in order to attract cooperation of industry and capital owners for promoting economic development. Business and market bourgeoisies negatively reacted to new policies on guiding economy, and underpinned positions of opponent clergymen in supporting constitution. Markets played a prominent role in 1963 uprising.

During following years, government created some transition in context of capitalist classes by imposing business and customs limitations to prevent growth of commercial capitalism and by granting loans, credits and exclusive privileges to encourage industrial investments.

Encouragement of foreign investment also helped capitalist class grow. About 200 foreign companies invested their capitals in Iran during those years. In 1967, establishment of stock exchange added to the strength of new capitalist classes. Number of industrial factories increased to 6200 in 1974 from 1000 in 1957.

Following collapse of absolute government of Reza Shah, once again remainders of Iranian feudal aristocrats gained political influence and power and began to perform political activities under name of supporting constitutionalism, constitution and parliamentarism. During 1941-1961, feudal aristocrats were the most important part of dominant class.

At that time, 56% of House seats belonged to aristocrat deputies and 80% (400,000) of villages were owned by major owners. Also, 15 out of 17 Prime Ministers were from feudal aristocrats. In addition, Legislature enacted an Act on restitution of lands, seized by Reza Shah, to their original owners. Many of statesmen and politicians affiliated with aristocrat class, who went away from stage in Reza Shah age, reappeared on the stage.

Economic development fever meaning comprehensive fast socioeconomic transition, which occurred after the end of World War II, was basically a phenomenon belonging to post-colonial period. Undoubtedly, Western Europe was the perfect ideal for Iranian extremist nationalists wishing nothing but that for future of Iran. But their more immediate wants evolved around partial and progressive reforms of education, transport and communicational devices, sanitation and other social services, and administrative and military networks. In economic development tests, such activities are termed "underlying investments", generally, being regarded as preconditions of implementing deliberate comprehensive development plans. Iranians did not consider such a model, which is, in fact, a follow-up generalization and explanation for what happened in developing countries rather than a preceding hypothesis for economic development strategies.

New regime enjoyed assistance of a variety of favorable and mutually intensifying factors in direction of realization of its immediate objectives: government received a huge amount of oil revenues directly, it was able to levy and collect indirect taxes and high tariffs while being relatively competent in doing so, and, finally, it was supported and assisted by new classes, intelligentsia, professionals and employees. Government expenditures were changed

into main instruments of progressive reforms (Homayoun, Katouziyan. 2013: 155-156).

To attack religion was inevitable, but not a reaction to religiously organized resistance to social progress. Most religious authorities and mullahs supported Constitutionalist Revolution despite of that Mohammad Ali Shah did some tricks to raise legitimacy (Mashrouéh) to attract them. Some of them were sacrificed in defending Revolution. Moreover, religious leaders and their followers did not show any organized resistance against semi-modernistic devastating actions from demolishing old mosques and residential buildings in order to broaden streets to women liberty.

By attacking religion, Reza Shah pursued merely two basic goals and nothing else: (1) to ruin Iranian Shiism and its practices and rituals, which were regarded by him as an ignominious phenomenon signifying underdevelopment of his big Aryan country; and (2) to destroy any social institutions, unity channels and public connections independent from government (Homayoun Katouziyan. 2013:174).

Reza Shah's economic accomplishments cannot be considered appropriate economic progress since they all were paid for through oil revenues and indirect taxes burden of which was on shoulders of ordinary people. In fact, any investments resulted in buildings, roads, factories, schools and banks. But a suitable investment strategy is one that is based on the best utilization of national resources. More simply speaking, important point is that what national economy gains in return for money it spends on, for example, building a factory rather than a factory is built to be seen by general public. After all, based on available evidence, it is clear that Reza Shah's economic policies wasted national resources by investing capitals in expensive but less efficient plans.

But purely economic questions also include such issues as income, consumption, welfare and quality of their distribution to people. There are no series of income or production for that period let alone quantitative data on consumption, distribution, etc. after all, there is no doubt total production and income growth was considerable. But major winners were affluent classes of Tehran and some of other major cities. High ranks of governmental bureaucracy and their business partners gained the highest profit although of which merchants and brokers were not deprived. In sum, agriculture received little aid and ties dominating it remained exactly in the same state as it was suffering for centuries. But constant multilateral discrimination imposed on rural people was not manifested only in governmental investment centered on industry, rather it went much far beyond. Moreover, almost all welfare services, especially education, sanitation and public facilities, were centered in

Tehran and, to less extent, in some other cities. In this way, Iranian rural people were under pressure multidirectionally (Homayoun Katouziyan.2013: 178-179).

With expanded activities of parties of middle classes and intelligentsia after overthrow of Reza Shah, feudal aristocrats attempted to create formations. The most important party of noble class was Iranian democratic party of Qavvam Al-Saltaneh. Social base of feudal oligarchy was still strong and stable in countries and villages. On the other hand, Doctor Mohammad Moassadeq, although from nobles, was on the top of political-social movement of middle classes, therefore, he faced soon the parliament dominated by feudal aristocracy deputies. Country's political atmosphere changed after Mossadeq administration fall by 1953 coup detat, and although feudal aristocrat class maintained its economic power and political influence, major power was in hands of Emperial Court. For some time, the Court still needed feudal aristocrat class's support against middle classes' nationalist and liberalist movements. Power bases of nobles were located on their own land and property and their influence on peasants guaranteed that they would be elected as parliament members. Sixty percent of members of 18<sup>th</sup> parliament were feudal aristocrats, who were also considered as the most important influential group. Naturally, feudal aristocrats' influence on political apparatus prevented the Court from acting unopposedly. One aspect of power struggles during those years was the conflict between the Court and aristocrats. To defeat this influential group was possible only through domination of Court on parliament and elections. To this end, the Court created affiliated parties in order to change social composition of parliament deputies. Efforts made by the Court in this field were not successful transiently and, finally, 96 out of 176 members of parliament were from King (Shah) depended on the power of nobles present in parliament. In 1961, therefore, Shah decided to breakdown the power of parliament and aristocrats by establishing a powerful reformist cabinet. He criticized Constitution for guaranteeing aristocrats power. The end point of aristocracy influence on Iranian politics was parliament's 2.5-year shutdown and social reforms, especially agrarian reforms, as a result of which generation of old Iranian aristocrat politicians went out of the stage. The most important Court's action breaking down social power of feudal aristocrats was agrarian reforms. Under 1962 agrarian reforms Act, landowners were allowed to maintain only one of their own villages and rest of them was subject to land division Act. Agrarian reforms was implemented during 3 periods from 1962 to 1971. Landowners' opposition to agrarian reforms was not so strong for

different reasons. A segment of feudal class remained given exemptions of respective act. In 1971, there existed 62000 great landowners in different parts of country, whose lands were cultivated based on wage system.

In 1970s, great industrial bourgeoisie consisted of 150 families who owned about 67% of total industry and financial institutions. In 1974, industry- centered capital reached a point where 3% of major private industries were producing 70% of industry added values. New capitalist class had been raised by the government and they were cooperating closely with each other. That class also exerted influence on the state policies in order to gain more privileges. Employer syndicates affiliated with Iran Novin party held conferences on financial affairs, at which ministries attended. During those years, commerce and industry and mines Chamber, which was established with composition of all commerce Chambers of Tehran and other cities, cooperated with Ministry of Commerce and Finance to implement governmental economic policies. However, early 1970s increasing growth of that new class made the Court and government so worried that they spoke of the risk of industrial feudalism growth. For this reason, in 1970, Shah ordered to establish social high council to stop anomalous growth of new capitalist class. It was provided that 5000 units of major private industries should sell one-third of their stocks to workers. Such conflicts between the Court and new industrial bourgeoisie were one aspect of intergovernmental crisis prior to 1978 Revolution. Price control and wage rise, detention of some big capitalists, lowering bank credits granted to private sector and labor mobilization resulted in spread of dissatisfaction into industrial bourgeoisie. That very conflict between private sector and government was reflected in structure of single Rastakhiz Party, as a result of which the party was divided into 2 factions (wings): (1) progressive faction which advocated government intervention in economy and opposed big capitalism; and (2) constructive faction which supported economic liberalism and great bourgeoisie.

In political system, in center of which Mohammad Reza Shah stood ruling autocratically, governance was regarded as main focus of movements, plans, policies and decisions. In other words, in that time frame, development played the role of a dependent variable and real independent variable was the most important concern of Mohammad Reza Shah administration during his term of office. For this reason, the highest portion of national budget was allocated to economic sector in 1964- 1977. Also, increased oil price augmented that trend (Mossallanejad, 2005:30).

In his book titled "Dictatorship and capitalism development in Iran", Halliday identified dictatorship,

capitalism and dependent capitalism dictatorship as the most important features of Pahlavi political system. For Iranian, Imperial political system was of an autocratic form. He believed that, during period of Shah administration, a specific form of dependent capitalist in weakening of national bourgeoisie and strengthening of Kampradour bourgeoisie (Halliday,1979:68).

During years prior to 1978 Revolution, generally, great industrial bourgeoisie became an influential force in Iranian politics and governance, but it began to fade after Revolution when some of capitalists feed, some factories were closed, rate of domestic product decreased, some major private industries were nationalized, and so on. Instead, traditional business capitalism found a dominant role.

### 3-3- Post- Islamic Revolution period

Traditional market's role in Iran's politics increased after 1978 Islamic Revolution. In such a context, it was difficult practically to separate merchant and capitalist class from small capitalism (Shop keeping). Given historical connections between market and clergymen, consequently, religious clerics' coming to power after Revolution was accompanied by expansion of market's political influence, however, some segments of market became dissatisfied because of increased governmental intervention in economy. Like exchange control, which was necessitated due to occurrence of Iran- Iraqi war and emergence of economic problems.

During war time, economic- political development suffered fundamental difficulties. Review of change made after the 8-years war reveals economic performance sheet of national government of Revolution second decade more clearly. As mentioned, Iran-Iraqi war ended in August, 198, after 64 months. That war affected Iran's economy considerably. The amount of war- incurred financial- economic losses were estimated about \$1000 billion at price of base year of 1990 (another estimation is \$200 billions).

During war, ten thousand individuals were killed (martyrs) and ten thousand ones were left disabled and injured in families and society at large. Even now, many families are tolerating heads or their disabilities as well as effects of bombardment catastrophe and of war- related migrations (Raees Dana. 2001:155)<sup>1</sup>.

After war ended, Iranian government took economic reconstruction policy called construction times during 1989- 1997. Despite huge material and spiritual costs, fate of economic development strategies was failure. Although that failure was caused by different factors and reasons, the main problem is

<sup>1</sup> - Raees Dana, Faribourz. "Applied examinations of Iran's development and economy", vol.3, p.155 (Cheshmeh Press, Tehran,2001).

role of government in economic underdevelopment. During that period, inattention to decisions' results as well as to Iran's underdevelopment of economy brought about destructively dangerous results to Iran's sociopolitical structure (Mossalanejad. 2005:291).

This matter indicates that a traditional non-democratic government cannot direct its own country towards economic- political development even if it grows economic- political development even if it grows economically quantitatively. To realize economic development, an expansionist democratic government is needed inevitably. In addition, the government was not bound to enforce Acts of 1<sup>st</sup> and 2<sup>nd</sup> plans. Clauses 4, 5 and 7 illustrate objectives set forth in 1<sup>st</sup> plan Act through inspiration of Constitution, the aim of which needs to be recognized as facilitating economic growth in direction of increasing production, productive employment, and reducing dependency while placing emphasis on strategic product self-containment and inflation control. Another aim, *inter alia*, was provide social justice and to meet people's minimum basic needs. Ultimately, 1<sup>st</sup> plan was aimed at determining a consumption model in direction of needs of humans and society, placing it on its agenda. During those years, the most unprecedented crisis of cash flow afflicted our economic system, with onset of which some conflicts emerged inside government. Those individuals who as a group in government unanimously welcomed such adjustment policies as reduction of national currency value initially, which were approved by those individuals themselves, later when negative effects and results of said policy appeared, tired individually to blame each other for problems revealed (Tavassoli, 1997:30).

More interestingly, general principles and lines of structural adjustment plan were approved in the from of 2<sup>nd</sup> plan Act after several years of illegally implementing the former. But that time again, some abnormalities emerged due to implementation of structural adjustment plan while the ink of law has not dried yet, therefore, country's economic management fearfully hurriedly reacted in favor of strict control. Government was led to reviving state penalties and returning to control of exchange rate, inventory of exchange contract receipts, etc., namely those very actions on negation of which new economic management based its own existence philosophy. Meanwhile, due to intense and unreasonable ups and downs, country's economy damaged severely. But perhaps what was worse than material damages could be misleading striking the minds of country's managers, hence national expert body, in relation to not observing law, order and discipline. In that period, it was found that development axis was the system of decision- making and in that process, resources were only one of tools needed by development. Country

conditions were not better in terms of political development than economic one. Firstly, national political structure was badly ill in different aspects. In a country in which 70 millions persons are living even a political formation meeting international standards does not exist. Governance structure consist of organs which get their legitimacy and working power from different sources. The struggle between law emanated from public will and choice and law resulting from individual inferences and wills continues implicitly and explicitly.

Secondary, there will be still preexisting parallel and repetitive formations and organs within national economic system, lack of an explicit definition of the extent of civil and political crimes, constant fear, hegemony of matters related to country jurisdiction and legislation and its hegemony acceptance.

Thirdly, country's national unity and concord may get entangled in weakness and instability due to not making efforts to improve effective participation of different classes and groups in society's political decisions and elections (Raees Dana. 2001:155).

Fourthly, at that time, rigid factions advocating economic rant present in society could not tolerate presence of opponents at all because of considering them a big obstacle on the way of continuation of absolute political government and extended economic interests of their own. On the threshold of new period and afterwards, such intolerance was reflected during the course of arrest, punishment and final encounter with dissident groups and individuals to the same extent as encountering anti-revolution persons. Despite post-war opening plans, then President never took even a small step to stop such encounters actually.

Definitely visible result of all abovementioned policies was more generally poverty in country, dependency of economy, foreign debts, class gap and poverty, immobility of private and manufacturing sectors, expanded administrative- financial corruption and, finally, increasing distance between ruling elites and general public. Collectively, these explorations indicate that economic adjustment model failed. Such things are considered the outcome of an irresponsible government's interference with economy, a government that is designer, planner, implementer and supervisor of development by itself. It seems that to realize a true economic- social development requires a native model, which considers realization of political freedom parallel to that of economic development.

Iran's economic and political orientations are overlapping visibly and economic incompetency has had some effects on the extent of political criticisms of contestant groups. Such a trend has created a ground for structural separation and fragmentation of political configurations. Iranian government was regarded as a fragile government due to internal problems with its

administrative and economic structure. In viewpoints of social scientists, a fragile government and, attempt to reduce political pressures on social institutions accordingly. As a result of such a process, pressures exerted on society and political system by governmental bureaucracy and by interest political-economic groups will be reduced. In order to achieve a comprehensive analysis in this field, it is necessary to generalize government's final impact domain to country's political health and its macro political- social objectives. Capitalist countries have not been assured of Iran's economic transition trend yet. They believe that sociopolitical beds needed for liberation have not been created in parallel to economic reforms.

Eventually, structural requirements will lead developing countries' governmental economic policies (Revolutionary countries and/ or units without structural distinctions with other countries) to needs and wants of peripheral capitalism (Mossallanejad. 2005: 250&252).

Central capitalism tries to meet its targeted economic needs in peripheral countries. The more involved the Third World countries are in the process of international labor division, the more the grounds are made to transfer capitalism crises to periphery from center. They seek to integrate periphery. In any case, it is necessary to take power and influence of Iranian political system elites into account in processes of any reforms and improvements. In this connection, in constructing new transitional ways, Iranian elites thinking about changes will ignore stability of political system. Threats to political systems manifest themselves under such conditions because stability and change are not regarded 2 similar components.

If reforms do not achieve desirable result, they will result in dichotomy and disagreement among different groups within Iran's political system. This issue will radically overshadow legitimacy of entire political system. This is for this reason that we can say many of 2005 political conflicts in Iran had stemmed from their disagreements on economic issues and political development process in Iran. This indicates that (un)desirable implementation of economic plans has a significant effect on political parties Act, approved in December of 1988, took effect, 29 groups and associations registered to do political activities legally. Those groups and parties enthusiastically announced their wills to realize objectives set by Interior Ministry in order to make political activities lawful (Mossallanejad. 2005:252).

None of those groups was from military and armed opponents of Islamic Republic of Iran. In any case, new government was reluctant to enforce parties Act which would enable opponent forces to organize and practice opposition to ruling elites. Such opposition was caused by a group of Radicals within power

structure of Islamic Republic of Iran.

Early 2000s, we observed mobility of military forces in country's political affairs, indicating that economic growth did not lead to establishment of permanent political institutions, rather economic development plans in Iran resulted in increased politics- aversion in society.

On this basis, to unfold political sphere may create some risks to political reform implementers. Iranian political elites always consider Gorbachev's experience, consequently, Rafsanjani's government had no willingness to legalize opposition activities, believing that in case economic reforms be implemented favorably comprehensively, necessity of implementing political reforms would decrease. Therefore, competition among Iranian political groups can be considered as reflection of quality of economic development plan implementation. Repeated presence of Ayatollah Hashemi Rafsanjani in 9<sup>th</sup> round of Presidential campaign (2005 June) can be regarded as a symbol of mobility of groups which placed more validity on continuation of economic development plans.

In general, economic development plans are evaluated differently by different competing groups. The more inappropriate the economic- political infrastructures are for implementing plans, the more the conflict are arranged for among political forces more widely extensively. Therefore, the most principal challenge for economic development plans is increased conflict among political elites (Mossallanejad. 2005:253).

Iran's economic development plans were implemented at a time when a new segment of ruling elites gained economic capabilities. Those individuals entered gradually into political arena and arranged for creation of unstructured political competition and agitation in internal politics domain. It should be emphasized that very activism which forced former Iranian government to interfere with economic affairs previously, in post-war times, is seeking to enter Iran a new economic sphere. In post-war period, therefore, private sector flourished increasingly. Economic free market has not been paid attention to as kind of economic model until 1989. As a result, in revolutioned Iran, process of economic liberation did not cause to another while new economic classes and norms were created in East European countries following 1989 political- economic transitions as well as in the Third World countries which were in process of economic liberation (Mossallanejad. 2005:254).

Under such conditions, public political and economic orientations are in conflict with political elites'. If they face participation crisis, conditions arrange for political inaction. In Iran, therefore, ruling elites must employ models and create conditions that

can remove political inaction from society and facilitate individuals' effective mobility within economic, political and cultural areas. Like its economic configurations, Iran's political structure is facing considerable vulnerabilities. So any economic inadequacies will increase political problems. In this process, international actors may take orientations in direction of in stabilize Iran's political structure increasingly.

#### 4. Discussion

In arenas of politics and of economy, government deanship and autocracy are both undesirable, damaging society. Choice freedom means people attend political and economic arenas voluntarily. Democracy does not just mean governance of people. More important and practical aspect of democracy signifies people's peaceful participation in sociopolitical life via competing institutions. Democratic institutions make peaceful delegation of political power possible, on one hand, and control power holders and establish meritocracy through competition, on the other hand. As a result, coordination of individual and collective interests results. Free economy and political democracy are interdependent. Both principles has originated from one paradigm and, eventually, result in an ideal, that is, peaceful life accompanied by plenitude and welfare.

Most underdeveloped countries, including Iran, ignore real structure and performance of developed societies. By separating free economy system from political democracy, for example, it is instilled that the latter will result by continuing governmental economy such as formation of any kind of rants and unlawful wealth's are considered the outcome of economic liberation.

Such misleading representation of realities intensifies governmental takeover of economy, increasing economic problems. Given catastrophic result of socialist economies, nowadays, no one can advocate governmental economy directly explicitly. But it is supported indirectly virtually by reversely representing realities of free economy system.

To combat economic rants and corruptions, the only way is to remove monopolies and governmental privileges and to establish free competition within political and economic arenas. Of course, democratic institutions such as parliament, parties and press can play actively effective roles in eradicating rant and breaking monopoly.

Economic- political development path will be closed until economic system of society is in capture of government and is supported, for any reasons, by public opinions and public institutions. In centralized economies, all individuals' and political groups' livelihoods depend on governments, in other hands,

politics will also fall into governments' traps.

Persons lacking economic liberty and being dependent on political power for their livelihoods cannot claim political freedom. Historical experiences of human societies show that economic liberty has rooted into them since earlier times. In less developed countries or in societies under critical conditions, individual liberties are sometimes deemed to be luxury and hobby products. But democratic states establish the most complex and diverse relationships to gain profits from businesses; accordingly, such societies enjoy the highest levels of per capita income and economic well- being.

Economy and politics are 2 interconnected domains, development of each of which is not possible by itself. Economy is the arena of wealth production and distribution. Politics is the arena of political power formation and division. Main actors of politics stage can be main actors of economy stage, too. In this way, political freedom and economic liberty both lose their concept and meaning. Centralization of political power limits citizens' choice freedom. Monopoly in politics arena leads to monopoly in economy's.

On the other hand, economy monopoly weakens citizens more and more, thus, it deprives them of economic growth, well-being and social justice. In our new world, choice freedom requires establishment of modern political and economic institutions as well as practical presence of people on political competition and economic competition stages. Freedom, justice, competition, recognition of opposed votes and power centers supervision are among characteristics of economically and politically open societies. In addition, another characteristic of developed societies is enjoyment of security in its comprehensive meaning.

Following items are especially important to achievement of political development relative to balanced economic growth:

- 1- To show respect for people's lawful property rights.
- 2- To maintain true political permanence and stability.
- 3- To regard meritocracy in political- administrative appointments.
- 4- To promote taking responsibility across country.
- 5- To amend laws of trade, bankruptcy, market and capital, Tehran exchange, etc.
- 6- To amend labor law- encouragement of democracy for both workers and employers groups- and to revise taxes.
- 7- To encourage public culture, democracy manifestation.
- 8- To promote courage, risk- taking and entrepreneurship culture.



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