

Renovations and modifications during the presidency of Hashemi Rafsanjani

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Abstract

After 8 years of war (Iran-Iraq), reconstruction and economical growth policies, considered as the priority to the construction government, formed deficiencies in political and social sectors despite the economic development. What were the consequences of Hashemi's government? The research hypothesis introduces the economical gap and political dissatisfaction as the answer to this question.

Keywords: renovation, economical modification, recitation of the construction government, class gap.

Introduction

The interval between years 1989 to 1997, called Construction era, is one of the most significant stages in economy and politics in Iran during the years after Islamic Revolution. This era began with prominent events like acceptance of the manifest 598 of United Nations Organization and ceasing fire, deposition of Ayatollah Montazeri, demise of Imam Khomeini, revising the federal constitution, focusing on duties and executive power, and elimination of prime minister. The collection of elements like global conditions and economical, political, and social internal factors like intrusive war and destruction of fundamental infrastructures of the country, economical dilemma, public dissatisfaction, increase in population, urbanization growth, charisma declination, decrease in popular mobilization level led the government of Hashemi

to reconstruction and renovation. The political priorities of this epoch, being focused on the development and growth bases, followed by consequences in economical and social domains.

Conceptual framework: Renovation definition

The gap between social stimulation and economical growth offers a standard to conclude that the urbanization, literacy, education, and media are effectively play role in making traditional human familiar with the modern aspects of life. This novel experiences break up the cognitive obstacles and traditional cultural approaches and bring in higher and newer level of demands and desires. Thus, a transitional society's ability to meet the demands is much slower than the process of demands growth. Therefore, a broad gap is formed between the desires and expectations, the formation of necessity and fulfilling it, or between the desires functioning and the level of life functioning. This gap can cause social frustration and dissatisfaction which practically results in political instability. If the traditional society is open enough to provide opportunities for social and economical mobility, the social frustration can be relieved. However, due to the closed political contribution system, there will be a mobilized condition. In this situation, the political participation will pave the way for one's social progress. The social frustration increases the demand from the government and spread the scope of political participation for carrying forward the demands. Nevertheless political backwardness, from political

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institutionalized viewpoint, does not allow the demands to be announced legally or to be adjusted/focused in the political framework. In this situation, the occurrence of political instability is imminent (Hanington, 1991 82-83). Generally, Hanington evaluated the concept of political development in accordance with the industrialization rate, social mobilization, economical growth, and political participation. He believes that in the political development process new demands will appear in the form of participation and the newer roles. Thus the political system should have the required capacity and ability to shift the condition. Otherwise, it will face with inconsistency, anarchy, authoritarianism, and political deterioration and the community's response to these irregularities may leads to violent instabilities like upheaval.

Diplomacies and programs of Hashemi Rafsanjani's government

Diplomacies and programs of Hashemi Rafsanjani's government was the output of the condition in which the need for evolution was felt. The Islamic Republic was faced with complexities and sudden extensive alterations which had been intensified by revolution policies and the consequences of the war (namely an extremely ruined economic infrastructure, uncontrollable inflation, sectional and full unemployment, the widespread gap between the rich and the poor, and the growing corruption). National Industries which were working with only 20-30% of their whole capacity were unproductive. Although the bureaucracy rate was twice, it was corrupted and inefficient and could not afford the nation's need. As a result, the price of basic commodities was progressively increasing so that the low-income citizens could not afford it. The annual income was half during the decade 1979-1989. After 10 years of war and hardship, Iranian people welcomed the alteration.

Summing up, after Imam Khomeini's demise, it was time to reassess the success and failure of the first decade after the revolution. Following this evaluation a coalition of pragmatic spirituals and technocrats, called Second Republic, were formed with the leadership of Mr. Hashemi Rafsanjani. This coalition tried to amplify the central government, reconstruct the defensive system, carry out an economic reforming and reconstruction program, and evolve the relation with the West.

In this era, due to the international condition and the collapse of Union of Soviet and the victory of forums free market, advices and prescriptions of financial institutions like International Monetary fund (IMF) and World Bank (WB), and also experiences of countries like China and Turkey (first economy, then democracy) attracted the attention of Hashemi's government. In this regard, the policy of structural adjustment, economic liberalization, and privatization is considered and the strategy of export development is employed (Moseghi, 2005: 284).

The program of structural adjustment that was implemented in the format of the first and the second economic development, being different from the wartime policies, distanced from the populist approach and were based on the economic growth and domestic/foreign investment. To execute this procedure, the government followed the industrial tactic based on the economic growth instead of the previous distributing method. The privatization and the reduction of government intervention in the economy system, the subsidy elimination, the establishment of single-rate system, and attracting the foreign investment were the most prominent and fundamental elements in the structural adjustment governmental program (Amir Ahmadi, 2001: 6). From the government viewpoint, this approach could solve the poverty and inequality problem due to the consequently positive economic effects of it which was shown through strengthening the economic vigor and production increases (Mosalanjhad, 2005: 204).

Generally, after the war, because of the need to reconstruction, the necessity of conducting a program for the development of the country was of great importance and with establishing the new government who planned the last populist economics boundaries, dealing with the structural problems of the country such as loss of productivity, the low investment rate, etc. became the government driven program (Hajarian. 2000: 96). From the economic programmer of the country, the economic construction of the country required the capital accumulation and which needed to be solved by the capitalists. Thus a proper combination of the foreign, private, and public investment could run the economic reconstruction project of Iran. From the new government point of view, the low productivity was the result of owning and controlling the essential part of the economy by the previous govern-

ment. The increasing government intervention in economy and the technological backwardness were parts of the structural dilemma of the country's economy that inhibited the product enhancement and taking advantage of the international market share. In this regard, there needed to be a development strategy that triggers the investors to the capitalism field and conduct leads them to the industrial centers. To achieve this goal, the importance of making some alteration was felt after the war. Making progress required a development-oriented and renovated administration that can mobilize the resources, provide the diverse resources of capital accumulation, and certify the political stability. Based on the mentioned points, handling the public sectors and large enterprises were assigned to the giants (Shirzadi, 2002: 120).

The notable part of the structural adjustment of the capitalist's economic orientation was chosen to reflect the wartime policies and its negative consequences. Within this approach, the main concern was focused to the industry rather than the agriculture. The government's emphasis on the small industries tuned on to the main and heavy industries and ones which were related to the capital goods. The agricultural policies were focused on making use of the agricultural technologies and noting to the commercial agriculture. In this regard the relative advantages of regions for cultivation of crops. Besides, in the new approach, the investment share of the agricultural section was considered less than the investment share of the industry. In commercial areas, beside eliminating the production and distribution centers, the government followed the open-door policy which resulted in higher contribution, reinforcement, and spread of venture capital in foreign trade (Shirzadi, 2002: 121). In order to mobilize the domestic capital, immediately after the war, the government's attention attracted to conduct the private liquidity to invest on industrial products. According to the domination of the commerce on the economy of the country, directing these investments to the industrial production required deep economic modification for propelling the private section to the entrepreneurship and production and needed the revision of the previous rentier economy. In addition, the private investment necessitates the formation of the political establishment and security. Unlike the previous government who encourage the society to political mobilization, this time they were ordered to depoliticize the society and social forces. With the for-

mation of the political impasse, the political participation channels, especially the mass participation were closed, the productivity of populist organizations were damped or wasted, or became parts of the government bureaucracy (Moslanejhad, 2005: 205). Moreover, in this period, new priorities were formed in political structure of Iran and a new generation of elites entered the political authority. In this situation, political institutions could stabilize the local government structure. New trends were generated in this process. These trends were generated on the basis of the financial and political oligarchy. The novel oligarchy required the value-oriented technocracy. From this epoch, the populist institutions lost their base. The novel space were organized based on the indices such as oligarchic elitism (Moslanejhad, 2005: 223).

One of the programs and purposes of Hashemi's governmental system were related to the contact with the world. The newly formed administration became more pragmatic in its international communication due to the expanded contact with other societies. This alteration can be seen by noticing the revolutionary slogans and the Islamic values in that era. Generally, the new government tried to normalize the relationship with the west, Europe, and Arab world, Especially Saudi Arabia with pragmatism and moderation inside and outside the country, and avoided the ideological and emotional approaches such as emphasizing on the Islamic world, issuance of the revolution, and reliance on the freedom movements. However, the increasing enmity of the United State with Iran had negative effects on attracting the foreign investment (Moseghi, 2005: 284).

The policies of Mr. Hashemi extended the cultural space more than before. Although the evolution in this field was not as much as the economic development, the common market, and the consumer culture gave rise to several cultural-political transitions in the inner social layers that had a few aspects in that era. Thus we may see some few evolutions of freedom such that one of the characteristics of this era is the growth of freedom rate. In this period, Hashemi emphasized on the importance of the widespread economic reconstruction and his pragmatic thoughts in foreign politics led to the reinforcement of the technocrat elite group which was later organized as "reconstruction brokers". The party asserted on the economic issues and did not consider the political reformation and civil liberties as an essential principle or a priority. Techno-

crats presumed that the political reformation could be possible after a long period of industrial development and economic growth. In their opinion, political relationships with other countries are due to national interest, mutual respect, and promoting the economic position of Iran. Also paying attention to the scientific and moral competency in the selection process of human resources and ignoring any kind of political relation are considered as the policies of the party. The party was trying to prove its commitment to the competitive free market economy. The set of these attitudes caused the party to be popular as Modern Right Party among other parties of the authority (Dalirpour, 2005: 175-176).

After the year 2007, the dominance of Right party, the capitalist policies, privatization, and economic adjustment led the revolution process to the Right party and the petty bourgeois radicals out-reached the spiritual- market trends. Following these capitalist transitions, the commercial capitalism thrived extensively. The newfangled political-economic class came to power which had the capitalist, bureaucratic, and technocratic nature.

Parallel to the renovative actions and activities which is held during the reconstruction period, we can see extensive evolutions in the frame of social domains such that the indices of this section enjoy the accelerated and fast growth during that period. If we take into account indicators like education, communication, urbanization, and health for evaluating the performance of social domains, we will find that major evolutions occurred in this age. The growth of mentioned indicators, like increase in the education level, development of communication and mass media, the urbanization spread, and improvement in the health condition which was visible in any rural and urban regions, increased social knowledge to the relatively higher level and as a result, gave rise to the emerging and the growth of a class, namely the “new middle class”.

The evaluation of the Hashemi Rafsanjani’s government

Programs and policies of Hashemi Rafsanjani’s government in political and economic domains caused the political atmosphere to broaden slightly. In economic domains they made a limited freedom and economic and social stimulus. Yet they brought up some disappointment and trouble that resulted in the loss of country’s resources, rising expectations, and public dissatisfaction. In the following

section major criticism to the political/cultural performance one hand and economic implementation on the other hand is taken into consideration.

Political and cultural performance

In this epoch, In spite of the decline in the level of social mobilization and group participation due to the termination of the war and charisma decline, no institution formed in order to provide the requirements of democracy, namely civic participation and spreading the civil society. In the first and second development program, there was no section to explain the renovation and political development. Therefore, these programs were just following the economic growth and development. They were unidimensional and without universality and holistic approach. The participation in the election was not the real participation because the behavior of the guardian council and other related institutions in rejecting other parties limited people’s choice and made them pessimistic about the election procedure; like the widespread rejection of the Islamic Left party’s candidates at the beginning of the fourth and fifth parliament election. If we desire to give Mr. Hashemi Rafsanjani a bold role in the internal politics of Islamic Republic, that was to offer an appropriate background for the seventh presidential free election and determined resignation from the presidential position. Yet during these years, despite the declination in the populist side of the system, little value was given to the real democracy and the political modifications were in the lower level in comparison to the economic modifications and did not grow as they should.

At the beginning of the new period, with the administration of Mohammad Khatami in Ministry of Culture and Islamic Guidance, the society’s atmosphere in different areas such as press, book, cinema, music, etc. became slighter. However, From Khordad 15, limitations were imposed to the cultural products. In this period, putting pressure and suppression on the opponents and dissident intellectuals and banning the political and civil liberties and the violence acts of fundamentalists in the gatherings and demonstrations led to the formation of psychological and social insecurity. With strengthening and consolidation of the traditional conservatives, Hashemi’s government could not execute national and macroeconomic policies like an absolute and development-oriented administration and independent of the group’s special bene-

fits. Even he was forced to slow the process of modification and give over some of the most important ministries such as the Ministries of Interior, Information, Culture and Islamic Guidance, and Commerce (Moseghi, 2005: 290). Social, cultural, and educational renovation in these years caused social and economic mobilization and exacerbation of the social and political demands of New Middle Class that was about to emerge as a great force. In addition, the condition of press and media of the country had evolved and the setting for the criticism was provided (Mosalanejad, 2005: 186).

The economic performance

In the reconstruction era, much attention had been given to the physical investment and timid measures had been taken such as constructing roads, dams, factories, telecommunication centers, Islamic Azad University etc. This procedure had positive influences on the wealth and public employment condition. Since these measures did not coincide with the nonphysical modification of the system and revision in the social-economic structure of the government, management system, monitoring projects system, etc. the investments did not worked effectively and they finally caused a lot of loss in the resources. Because the manufacturing section did not get active, despite the investments, the rise in the oil price initiated the recession (Azimi, 1999: 127-129). In this situation the government should decrease their role in the economic production and controlling resources. But the government intervention in economic activities was increasing day by day. This process continued in the second governmental program which was called the adjustment program. In contrast with the “global adjustment” which plays role in tightening the national government and broadening the private section, we can see the increase in the government performance and development in their authority simultaneously in the period of adjustment program (Future Iran, No. 36, 35-47). The indices show the increase in government tendency to intervene in the economic activity. Executing hastily with no agenda in resignation of public companies to the private sectors and putting about 40 industrial companies in the resignation list, the ministries related to the industry, invested beyond the defined program and entered the economic domain. Hashemi’s government executed the International Monetary Fund programs based on the economic adjustment. Due

to the World Bank report in 1997, the monetary had concluded that the policies were not practical and executable and they turned to fail (Future Iran, No. 36, 35-47).

According to the report of Human Development of Iran released by Program and Budget Organization in 1999 ignoring the social prerequisites to carry out the economic modifications, and failure to perform some policies were the most significant factors in failure of the first and the second program to meet the demands. The presence of influential in bureaucracy and management of public companies, the force they exert into the governing board, their intervention in the government programs, and also lack of the monitoring system were the major obstacles in accomplishing the first and the second modification program (Kordzadeh kermani, 2001: 112).

Although the structural adjustment program is planned as a reaction to the economic consequences of the war, especially the growing inflation, extreme budget shortage, productivity declination, and the low level of domestic production. The government tried to control the inflation and reduce the budget shortage by employing this program and also made effort to induce economic growth and industrial amplification of the country’s structure with the trade liberalization and privatization, price adjustments, eliminating the paid subsidy, and dedicating the general expenses to the producing and underlying sections. But the economic function, particularly after the year 1992, behaved visa versa. The economic growth followed an extreme downward trend and the inflation rate rose enormously from 10% in 1990 to 35% in 1994. Such uncontrollable Inflation was the result of increase in the currency and liquidity in the country. Although the economic adjustment program led to the mobilization in the investment process, production, employment, and the increase in the economic growth by utilizing the economic vacancies of the country, it failed in solving the problem of income distribution. At the beginning, the program was associated with the oil price rise and the government employed this benefit to recover the budget shortage and decline the inflation rate. But the liberalization of prices and consequently importing a great amount of goods caused the shortage in the balance of payments. The drop in the oil price in 1993 initiated lots of pressure on the foreign balance of payments. This process, not only led to make trouble in foreign dept and its deadline, but also intensi-

fied the existing inflation and inequality in the income distribution. In this situation the poverty was spreading in the country and capability of people to meet their needs were degrading. As a consequence, the consumption and welfare level, especially in the middle and the lower class descended. Generally, the administration took measures to develop the country. However, accomplishing the planned developing goals in the programs encountered some deficiencies. In some cases the performance was advance to the expected schedule. One of the noticeable factors in the implementation of the programs was the influence of the first program in reaching the social justice and the doubt of Islamic Consultative Assembly. To achieve this goal and make it practical, the Islamic Consultative Assembly postponed the second program to carry out some expert work. Thus, 1995 is the year which the government just accomplished the first program without the five-year plan (Hamidi, 2000: 106). It should be considered that in that time, the poverty in the country rose more than the previous period. According to the official statistics the ratio of 10% of the wealthiest people to 10% of the poorest ones were increased from 22.22 in the year 1982 to 27.1 (Shahpour Ravasani, 1998: 220). This means that the poverty developing process increased due to the 49% share of inflation in 1995. Estimations indicate that more than 70% of the country's liquidity belonged to only 3% of the people that is nearly sixty thousands milliard Iranian Rials. In fact, less than two million people had the most liquidity and 58 million ones had the least amount (Shahpour Ravasani, 1998: 221). Therefore, it was obvious that the social justice system was disturbed and embedded an opportunity for wealthy people to be richer instead of paying attention the lower class in the development programs. We should accept the rich people got richer and the poor ones got poorer even though Hashemi Rafsanjani did not believe so.

The program of economic liberalization although made some vibrations to the old and stagnant economy after the revolution, on the other hand it created or intensified several phenomena. It provided a platform for the contradictions and political or social struggles. The most visible and rapid consequences of the adjustment policy was manifested in phenomena such as uncontrollable inflation, the rise in the unemployment rate, decline in living standards of middle and lower class, the boom in economic transactions, revealing the windfall, and the exhibition of luxury phenomena

(Mosalanejad, 2005: 5).

Each of these topics made some of social categories and groups and their related political forces disappointed. The lower middle class citizens who formed the basis of the revolution were the main victims of the extensive inflation rate, the increasing unemployment, and subsidies drop. The owners of industries are not satisfied with the existing oscillations in policies and the continuity of government intervention. The apparent sign of the displeasure of various social groups from Mr. Hashemi's policies can be seen in the number of his votes in the sixth parliament election in Bahman.1999 and the ninth presidential election in Tir.2005. One of the reasons that Mr. Ahmadinejad succeeded in the second round of the presidential election was the people's attitude toward Mr. Hashemi. Being discontent from the policies of the construction era, public thoughts decided to contradict to the existing situation by a 180 degree rotation in the selection process and by choosing one who wants to make some changes to the present condition caused by Mr. Hashemi. In that time, Mr. Hashemi was the symbol of amassing wealth and immortality while Mr. Ahmadinejad was considered as the symbol of justice and anti-oppression beliefs. The outcomes of economic liberalization policies and structural adjustment were not just related to Mr. Hashemi. The economic problems and the government's inability to meet the citizen's expectations after the war faced the effectiveness of Islamic regime with main challenges and fundamental evolution.

Conclusions

By investigating the construction government, it can be concluded that lots of widespread modification and renovation generated in different fields. A set of factors including the global conditions and economic, political, and social reasons led the government to the process of reconstruction and renovation. The major renovation in the 8 year period accomplished in economic areas and the policies and programs were focused on the economic development basis. Generally, the strategy of construction government was based on the economic reconstructing and counseling in foreign politics. The main economic measures were taken through the first and second development program considering the structural adjustment and economic liberalization policies. In that time, few measures were taken in line with the economic development and

renovation and there was no chapter appropriated to them in the country's development programs. Parallel to the efforts made in economic areas, we could notice extensive evolutions in social outlines. The growth of indices like urbanization, education, communication, and health system led to the social mobilization in broad domains of the society and formation of a new middle class. These entire occurrences raised the expectations. In other words, the social mobilization and economic growth in the construction age as the result of modification and economic and social renovation resulted in raising the expectations. Although the modernization and economic revision in Mr. Hashemi's presidential period made some vibrations to the stagnant economy of Iran, the economic development which is a qualitative and multidimensional phenomenon did not actually occurred. Hashemi's economic policies were engaged to phenomena such as poverty, unemployment, and gap rise. The middle and lower class in the society did not feel an improvement in their livelihood. The collection of the mentioned factors caused a negative attitude toward Hashemi's presidential era and introduced him as the reason for all the economic irregularities and disorders. The apparent sign of the displeasure of various social groups from Mr. Hashemi's policies can be seen in the number of his votes in the sixth parliament election and the ninth presidential election.

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