

THE ISLAMIC REPUBLIC OF IRAN: A FUTURE IN PERIL AND THE EXTREME THEOCRATIC GOVERNMENT

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ABSTRACT

Throughout history Iran or Persia back then stood the test of time. The region saw various successful military campaigns and economic prosperity, however today's Iran is no match to the prestigious and glorious empire it once was; the nation has had some major blows on the social, economic and the political front. This has led to immense torment for the people of Iran, who are now tired of their governments mishandling of major issues. In the past couple of decades societies and people have changed across the globe and have started to view things from the perspective of reason, logic and science. But, the theocratic Iranian government is trying to suppress this change of ideas in its own people as well as, it is indulged in various conflicts in the middle-east and is in sort of cold war with the western world; resulting in deteriorating economy and further increment in misery of the Iranian people. Today, it is the political system of Iran that is backfiring on it; the regimes extremist, conservative and brutal policies are hurting the oil rich nation. The cold-war with Saudi Arabia, sanctions from the US and allegations of state sponsored terrorism is running the black gold rich nation dry.

Keywords: Iran, Theocracy, Ebrahim Raisi, Ali Khamenei, USA, Islam

History

Iran or Persia or the greater Iranian region back then has a very proud, long, deep and intriguing history. One of the first civilizations; the Mesopotamian civilization extended in the region, there was no specific religion and the civilization was basically polytheistic.

Susa in Iran is considered to be one of the world's oldest human settlements and was an extension of the Sumerian civilization, the world's oldest civilization. In the Iron Age came up the Neo-Assyrian Empire, the largest in the world at the time. The empire perfected imperialism and set the standards for the future empires. Assyrian king Ashurbanipal sacked Susa, ending the Elamite supremacy in the region, In the seventh century the Medes gained independence and

were united by Deciores. The Medes together with the Babylonian king Nabopolassar laid the siege Ninveh, the Assyrian capital; this was the first major war in the region. Later, Cyrus the Great established the first Persian empire or the Aechmenid Empire, Cyrus the Great is considered to the most efficient leader, who implemented wise policies; resulting in the longevity of the empire. Cyrus's son Cambyses II conquered Ancient Egypt causing the ultimate collapse of the Twenty-sixth Dynasty of Ancient Egypt. The Aechmenid Empire was followed by several other successful and prosperous empires in the region, these include- Seleucid Empire, which was formed after the conquest of the Aechmenid Empire by Alexander the Great, the Seleucid Empire grew weak after the untimely demise of Alexander the Great and was engulfed by the Parthian Empire, which had gained independence from a struggling Seleucid Empire. After ruling the region for five centuries, the Parthian Empire met its end by the hands of the Persians under Sasanians; hence beginning the Sasanian Empire; which played an imperative role in the enhancement of military and economy. The end of 700 years of clashes and conflict between the Persian and Rompan empire; resulted in the annihilation of the Sasanian Empire. A breath-taking fact was that, although the Persian region went through several bloody war fares, it was still one of the most economically strong and prosperous region in the whole world.



Persian Empire in the 7th century BC

Credit: Matthew Jones

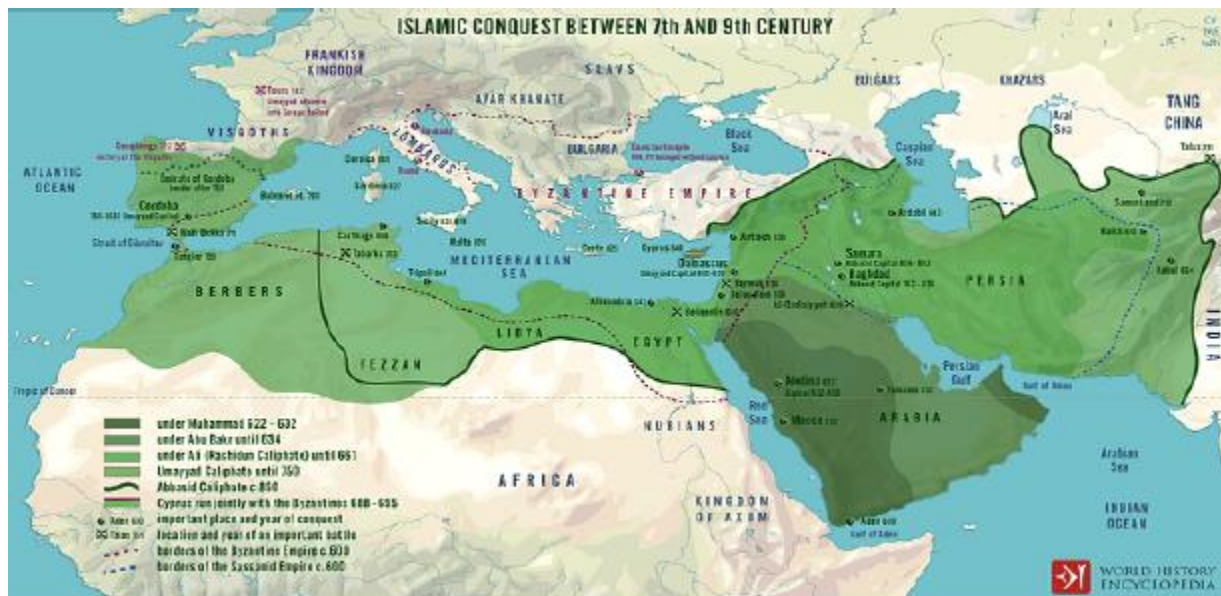
Islamization of Iran

The fall of the Sasanians paved way for the Islam to invade Iran and thus began the Islamization of Iran; which was a slow process but was turning point on the cultural front for the region in which Zoroastrianism was the major religion. Islam and Persian Muslims grew from 40% of total population in 9th century to almost 100% in 11th century. Although Persians adopted the religion of their conquerors, over the centuries they worked to protect and revive their distinctive language and culture, a process known as Persianization. Arabs and Turks participated in this attempt. The first Islamic Empire of the region was the Umayyad Caliphate. In the 7th century, when many non-Arabs such as Persians entered Islam, they were recognized as mawali ("clients") and treated as second-class citizens by the ruling Arab elite until the end of the Umayyad Caliphate. The Islamic forces also tried to bring the whole of the Persian region under its rule, but it failed on some instances due to the geographical advantage of the opponent. With the death of the Umayyad Caliph Hisham ibn Abd al-Malik in 743, the Islamic world was launched into civil war. Abu Muslim emerged as the winner after the war, he captured the capital city of Damascus. The 9th century also saw the revolt by native Zoroastrians, known as the Khurramites, against oppressive Arab rule. The movement was led by a Persian fighter Babak Khorramdin. Babak's Iranianizing rebellion, from its base in Azerbaijan in northwestern Iran, called for a return of the political glories of the Iranian past. The Khurramdin rebellion of Babak spread to the Western and Central parts of Iran and lasted more than twenty years before it was defeated when Babak was betrayed by Afshin, a senior general of the Abbasid Caliphate. Soon after, various new kingdoms came across the region, Islamization was a slow process and the Persian people became Muslims but not Arabs, therefore even leading to a completely different and diverse component of Islam. This is bettered by Bernard Lewis, "Iran was indeed Islamized, but it was not Arabized. Persians remained Persians. And after an interval of silence, Iran re-emerged as a separate, different and distinctive element within Islam, eventually adding a new element even to Islam itself.

Culturally, politically, and most remarkable of all even religiously, the Iranian contribution to this new Islamic civilization is of immense importance. The work of Iranians can be seen in every field of cultural endeavour, including Arabic poetry, to which poets of Iranian origin composing their poems in Arabic made a very significant contribution. In a sense, Iranian Islam is a second advent of Islam itself, a new Islam sometimes referred to as Islam-i Ajam.

It was this Persian Islam, rather than the original Arab Islam, that was brought to new areas and new peoples: to the Turks, first in Central Asia and then in the Middle East in the country which came to be called Turkey, and of course to India". The era also saw blossoming culture, philosophy, literature, poetry, medicine and art; as Islam slowly speeded its wings. Inheriting a

heritage of thousands of years of civilization, and being at the "crossroads of the major cultural highways", contributed to Persia emerging as what culminated into the "Islamic Golden Age". During this period, hundreds of scholars and scientists vastly contributed to technology, science and medicine, later influencing the rise of European science during the Renaissance. The small kingdoms of Persia were invaded by the Seljuk Empire, which ruled Persia from the 11th to the 14th century, bolstering the spread of Islam.



Rāshidun Caliphate and the beginning of the Islamization of Iran
Credit: Simeon Netchev

Monarchy and Oil Discovery

Iran was ruled by a monarchy undisturbed from 1501 to 1979. The history of the oil industry in Iran is representative of the effects of the discovery of oil in the Middle East, and a prime example of the “resource curse”: the paradox that countries with an abundance of natural resources, specifically non-renewable resources like minerals and fuels, tend to have less economic growth, less democracy, and worse development outcomes than countries with fewer natural resources. It is characterized by political and military conflict, in this case caused by British and American interests in the oil industry. On April 14, 1909, one year after geologist George Bernard Reynolds discovered oil in Persia (modern-day Iran), Burmah Oil created the Anglo-Persian Oil Company (APOC) as a subsidiary and sold shares to the public. In 1913, volume production of Persian Oil started and the APOC found their first big customer in Winston Churchill then First Lord of the Admiralty of Britain. Churchill, as a part of a three-year

expansion program, sought to modernize Britain's Royal Navy by abandoning the use of coal-fired steamships and adopting oil as fuel for its ships instead. Churchill wanted to free Britain from its reliance on the Standard Oil and Royal Dutch-Shell oil companies. In exchange for secure oil supplies for its ships, the British government injected new capital into the company and in doing so, acquired a controlling interest in APOC. The contract that was set up between the British Government and APOC was to hold for 20 years. The British government also became a de facto hidden power behind the oil company. During this period, Iranian popular opposition to the D'Arcy oil concession and royalty terms whereby Iran only received 16% of net profits was widespread. Since industrial development and planning and other fundamental reforms were predicated on oil revenues, the government's lack of control over the oil industry served to accentuate the Iranian Government's misgivings regarding the manner in which APOC conducted its affairs in Iran. In 1923, Burmah employed Winston Churchill as a paid consultant to lobby the British government to allow APOC to have exclusive rights to Persian oil resources, which were subsequently granted. In 1933, APOC made an agreement with Iran's Reza Shah, which promised to give laborers better pay and more chance for advancement and build schools, hospitals, roads, and a telephone system. These promises were not kept. In 1935 APOC changed its name to the Anglo-Iranian Oil Company (AIOC).

Political Instability And Military Intervention

In 1941 Nazi Germany, invaded the USSR and WW2 came in its most decisive time period; this also saw the resource demands of Britain and USSR sky high and for oil, they turned towards Iran, where masses were pro-nazi due to allied pressure on the country. But, Reza Shah made his stance explicit and he was completely with the allies. Britain and the USSR invaded Iran, arrested the monarch, and sent him into exile to South Africa, taking control of Iran's communications and the coveted railway. They put Reza Shah's son Mohammad Reza Pahlavi onto the Iranian/Persian throne. The new Shah soon signed an agreement pledging full non-military logistical cooperation with the British and Soviets in exchange for full recognition of his country's independence and a promise to withdraw from Iran within six months of the war's conclusion. Following World War II, nationalistic sentiments were on the rise in the Middle East, especially Iranian nationalism. AIOC and the pro-western Iranian government led by Prime Minister Ali Razmara initially resisted nationalist pressure to revise AIOC's concession terms further in Iran's favor. In May 1949, Britain offered a "supplemental oil agreement" to appease unrest in the country, but it did not satisfy Iranian nationalists since it did not give them the right to audit the AIOC's books. On March 7, 1951, Prime Minister Haj Haj Ali Razmara was assassinated by the Fadayan-e Islam. Fadayan-e Islam supported the demands of the National Front, which held a minority of seats in Parliament, to nationalize the assets of the British Anglo-Iranian Oil Company. Later in March 1951, the Iranian parliament voted to nationalize the AIOC

and its holdings, and shortly thereafter the Iranian public elected a champion of nationalization, Mohammed Mossadegh, Prime Minister

1953 Coup: In October 1952, British embassy in Iran was evacuated and the British had failed to convince Prime Minister Mossadegh. However, they successfully appealed to exaggerated anti-communist sentiments in the U.S., depicting both Mossadegh and Iran as unstable and likely to fall to communism as they weakened. The anti-Mossadegh plan was orchestrated under the code-name “Operation Ajax” by the CIA, and “Operation Boot” by the British MI6. In August, the American CIA, with the help of bribes to politicians, soldiers, mobs, and newspapers and information from the British embassy and secret service, organized a riot which gave the Shah an excuse to remove Mossadegh. The Shah seized the opportunity and issued an edict forcefully removing the immensely popular and democratically-elected Mossadegh from power when General Fazlollah Zahedi led tanks to Mossadegh’s residence and arrested him. On December 21, 1953, he was sentenced to death, but his sentence was later commuted to three years’ solitary confinement in a military prison followed by life in prison. With a pro-Western Shah and the new pro-Western Prime Minister, Fazlollah Zahedi, Iranian oil began flowing again and the Anglo-Iranian Oil Company, which changed its name to British Petroleum in 1954, tried to return to its old position. However, public opinion was so opposed that the new government could not permit it. Under pressure from the U.S., British Petroleum was forced to accept membership in a consortium of companies that would bring Iranian oil back on the international market. It was incorporated in London in 1954 as a holding company called Iranian Oil Participants. This group of companies, all based outside the Middle East, came to be known as the “Seven Sisters” or the “Consortium for Iran” cartel and dominated the global petroleum industry from the mid-1940s to the 1970s. Until the oil crisis of 1973, the members of the Seven Sisters controlled around 85% of the world’s known oil reserves. Afterward, the oil industry began to nationalize throughout the Middle East. Iran was ruled as an autocracy under the Shah with American support from that time until the revolution. The Iranian government entered into agreement with an international consortium of foreign companies which ran the Iranian oil facilities for the next 25 years splitting profits fifty-fifty with Iran but not allowing Iran to audit their accounts or have members on their board of directors. In 1957 martial law was ended after 16 years and Iran became closer to the West, joining the Baghdad Pact and receiving military and economic aid from the US. In 1961, Mohammad Reza Shah dismissed the parliament and launched the White Revolution—an aggressive modernization program that upended the wealth and influence of landowners and clerics, disrupted rural economies, led to rapid urbanization and Westernization, and prompted concerns over democracy and human rights. The program was economically successful, but the benefits were not distributed evenly, though the transformative effects on social norms and institutions were widely felt. Opposition to the shah’s policies was accentuated in the 1970s, when world monetary instability and fluctuations in Western oil consumption seriously

threatened the country's economy, still directed in large part toward high-cost projects and programs. A decade of extraordinary economic growth, heavy government spending, and a boom in oil prices led to high rates of inflation and the stagnation of Iranians' buying power and standard of living. However the reforms, including the White Revolution, did not greatly improve economic conditions and the liberal pro-Western policies alienated certain Islamic religious and political groups. In early June 1963 several days of massive rioting occurred in support of Ayatollah Ruhollah Khomeini following the cleric's arrest for a speech attacking the Shah. Although, Iran saw economic progress but there was growing political instability In the country, many politicians and activists were arrested and Ayatollah Ruhollah Khomeini was exiled in 1964. There was rapidly growing Anti-incumbency against the Shah and public sentiments were furious on the west. It is true that since WW2 the west had exploited the Iranian oil, suppressed the Iranian government and public opinion. We must remember that the Iranian people were furious and ashamed, when the west interfered in its internal political system; leading to the 1953 coup. In addition to mounting economic difficulties, sociopolitical repression by the shah's regime increased in the 1970s. Outlets for political participation were minimal, and opposition parties such as the National Front (a loose coalition of nationalists, clerics, and noncommunist left-wing parties) and the pro-Soviet Tudeh ("Masses") Party were marginalized or outlawed. Social and political protest was often met with censorship, surveillance, or harassment, and illegal detention and torture were common. The public sentiment was against the west and the west supported Shah; ever since the 1953 coup. The years of exploitation, dominance, suppression, instability and nefarious attitude of the west lead to the Iranian Revolution, which would ultimately change the whole equation of the country.



Secretary Dean Acheson (right) with Prime Minister Mohammed Mossadegh (left) in Washington D.C. (Source: All Empires)

1979 Iranian Revolution: Iranian Revolution, also called **Islamic Revolution**, was a popular

uprising in Iran in 1978–79 that resulted in the toppling of the monarchy on February 11, 1979, and led to the establishment of an Islamic republic. The 1979 revolution, which brought together Iranians across many different social groups, has its roots in Iran's long history. These groups, which included clergy, landowners, intellectuals, and merchants, had previously come together in the Constitutional Revolution of 1905–11. Opposition to the shah's policies was accentuated in the 1970s, when world monetary instability and fluctuations in Western oil consumption seriously threatened the country's economy, still directed in large part toward high-cost projects and programs. A decade of extraordinary economic growth, heavy government spending, and a boom in oil prices led to high rates of inflation and the stagnation of Iranians' buying power and standard of living. In this environment, members of the National Front, the Tudeh Party, and their various splinter groups now joined the ulama in broad opposition to the shah's regime. Khomeini continued to preach in exile about the evils of the Pahlavi regime, accusing the shah of irreligion and subservience to foreign powers. Thousands of tapes and print copies of Khomeini's speeches were smuggled back into Iran during the 1970s as an increasing number of unemployed and working-poor Iranians—mostly new migrants from the countryside, who were disenchanting by the cultural vacuum of modern urban Iran—turned to the ulama for guidance. The shah's dependence on the United States, his close ties with Israel—then engaged in extended hostilities with the overwhelmingly Muslim Arab states—and his regime's ill-considered economic policies served to fuel the potency of dissident rhetoric with the masses. In January 1978, incensed by what they considered to be slanderous remarks made against Khomeini in *Ettelā'āt*, a Tehran newspaper, thousands of young madrasah (religious school) students took to the streets. They were followed by thousands more Iranian youth—mostly unemployed recent immigrants from the countryside—who began protesting the regime's excesses. The shah, weakened by cancer and stunned by the sudden outpouring of hostility against him, vacillated between concession and repression, assuming the protests to be part of an international conspiracy against him. Many people were killed by government forces in anti-regime protests, serving only to fuel the violence in a Shi'i country where martyrdom played a fundamental role in religious expression. Fatalities were followed by demonstrations to commemorate the customary 40-day milestone of mourning in Shi'i tradition, and further casualties occurred at those protests, mortality and protest propelling one another forward.

Thus, in spite of all government efforts, a cycle of violence began in which each death fuelled further protest, and all protest—from the secular left and religious right—was subsumed under the cloak of Shi'i Islam and crowned by the revolutionary rallying cry *Allāhu akbar* ("God is great"), which could be heard at protests and which issued from the rooftops in the evenings. The violence and disorder continued to escalate. On September 8 the regime imposed martial law, and troops opened fire against demonstrators in Tehran, killing dozens or hundreds. Weeks later, government workers began to strike. On October 31, oil workers also went on strike, bringing the

oil industry to a halt. Demonstrations continued to grow; on December 10, hundreds of thousands of protesters took to the streets in Tehran alone. During his exile, Khomeini coordinated this upsurge of opposition—first from Iraq and after 1978 from France—demanding the shah’s abdication. In January 1979, in what was officially described as a “vacation,” the shah and his family fled Iran. The Regency Council established to run the country during the shah’s absence proved unable to function, and Prime Minister Shahpur Bhaktiar, hastily appointed by the shah before his departure, was incapable of effecting compromise with either his former National Front colleagues or Khomeini. Crowds in excess of one million demonstrated in Tehran, proving the wide appeal of Khomeini, who arrived in Iran amid wild rejoicing on February 1. Ten days later, on February 11, Iran’s armed forces declared their neutrality, effectively ousting the shah’s regime. Bakhtiar went into hiding, eventually to find exile in France.



Ayatollah Khomeini arrives from exile in France to Iran

Aftermath

Following the Iranian Revolution of 1979, Iran saw various immediate political and social changes; which further had an everlasting impact on the economic front. This also had a huge impact on the political front for the Middle East and the oil industry.

Iran under the Shah was the most pivotal American ally in the region; this changed the other way around in the aftermath of the revolution. As the Revolution itself, the aftermath too was a turbulent process of establishing the Islamic Republic. Following the events of the revolution, Marxist guerrillas and federalist parties revolted in some regions comprising Khuzestan, Kurdistan and Gonbad-e Qabus, which resulted in fighting between them and revolutionary forces. Recently published documents show that United States was afraid of those revolts. National Security Advisor Zbigniew Brzezinski discussed with his staff about a possible American invasion of Iran by using Turkish bases and territory if the Soviets would decide to

repeat the Afghanistan scenario in Iran. By 1983, Khomeini and his supporters had crushed the rival factions and consolidated power. Elements that played a part in both the crisis and its end were the Iran hostage crisis, the invasion of Iran by Saddam Hussein's Iraq, and the presidency of Abolhassan Banisadr. Some observers believe "what began as an authentic and anti-dictatorial popular revolution based on a broad coalition of all anti-Shah forces was soon transformed into an Islamic fundamentalist power-grab," that significant support came from Khomeini's non-theocratic allies who had thought he intended to be more a spiritual guide than a ruler. Khomeini being in his mid-70s, having never held public office, been out of Iran for more than a decade, and having told questioners things like "the religious dignitaries do not want to rule." The most important bodies of the revolution were the Revolutionary Council, the Revolutionary Guards, Revolutionary Tribunals, Islamic Republican Party, and at the local level revolutionary cells turned local committees. While the moderate Bazargan and his government (temporarily) reassured the middle class, it became apparent they did not have power over the "Khomeinist" revolutionary bodies, particularly the Revolutionary Council (the "real power" in the revolutionary state) and later the Islamic Republican Party. Inevitably the overlapping authority of the Revolutionary Council (which had the power to pass laws) and Bazargan's government was a source of conflict, despite the fact that both had been approved by and/or put in place by Khomeini.

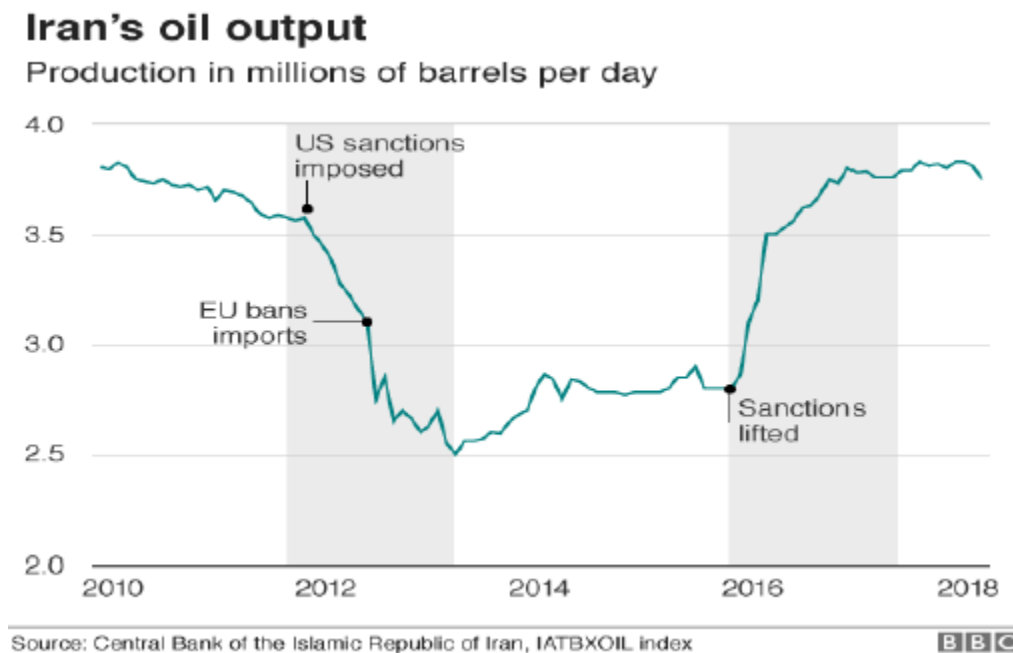
This conflict lasted only a few months, however, as the provisional government fell shortly after American Embassy officials were taken hostage on November 4, 1979. Bazargan's resignation was received by Khomeini without complaint, saying "Mr. Bazargan ... was a little tired and preferred to stay on the sidelines for a while." Khomeini later described his appointment of Bazargan as a "mistake". On March 30 and 31 (Farvardin 10, 11) a referendum was held over whether to replace the monarchy with an "Islamic Republic"—a term not defined on the ballot. Supporting the vote and the change were the Islamic Republican Party, Iran Freedom Movement, National Front, Muslim People's Republic Party, and the Tudeh Party. Urging a boycott were the National Democratic Front, Fadayan, and several Kurdish parties. Khomeini called for a massive turnout, and most Iranians supported the change. Following the vote, the government announced that 98.2% had voted in favor, and Khomeini declaring the result a victory of "the oppressed ... over the arrogant." On June 18, 1979, the Freedom Movement released its draft constitution for the Islamic Republic that it had been working on since Khomeini was in exile. It included a Guardian Council to veto un-Islamic legislation, but had no Guardian Jurist Ruler. Leftists found the draft too conservative and in need of major changes, but Khomeini declared it 'correct'. To approve the new constitution a 73-member Assembly of Experts for Constitution was elected that summer. Critics complained that "vote-rigging, violence against undesirable candidates and the dissemination of false information" was used to "produce an assembly overwhelmingly dominated by clergy loyal to Khomeini."

The US & Iran

The relations of the US with Iran have always been tumultuous, intriguing and fascinating. From the American intervention in 1953 and the establishment of the Shah in power by them; was a one good and friendly phase. However, following the 1979 Iranian Revolution, things changed radically between the two nations. The US was never popular among the people of Iran, but after the revolution it now had its biggest threat in the region, in form of The Islamic Republic of Iran. A group of radical Iranian college students took fifty-two Americans hostage in November, 1979 at the U.S. embassy in Tehran, demanding that the United States extradite the shah. Washington severs ties with Tehran, sanctions Iranian oil imports, and freezes Iranian assets. After 444 days in January 1981, the hostages are released under the Algiers Accords, which were signed just minutes after the inauguration of President Ronald Reagan, whose 1980 presidential campaign emphasized President Jimmy Carter's failure to free the hostages. As part of the accords, the United States promises not to intervene in Iranian politics. In September 1980, Iraq invaded its neighbour and growing rival Iran amid fears of a Shiite revolt against Iraqi leader Saddam Hussein. The United States supports secular Iraq with economic aid, training, and dual-use technology until the war ends in 1988, even after the CIA finds evidence that Iraqi forces used chemical weapons against Iranians. In July, the U.S. Navy shoots down an Iranian passenger jet after mistaking it for a fighter jet, killing all 290 people on board. In 1992, The United States ramped up sanctions against Iran under the George H.W. Bush and Bill Clinton administrations. The White House expands sanctions with a complete oil and trade embargo in 1995. The 1996 Iran and Libya Sanctions Act imposes an embargo against non-American companies investing more than \$20 million per year in Iran's oil and gas sectors. During his 2002 State of the Union address, President George W. Bush describes Iran as part of an "axis of evil," along with Iraq and North Korea. He says Iran "aggressively pursues [weapons of mass destruction] and exports terror, while an unelected few repress the Iranian people's hope for freedom." In response, the Iranian government stops secret meetings with U.S. diplomats that are focused on capturing al-Qaeda operatives and combating the Taliban. On March 20, 2003 U.S. forces invade Iraq, aiming to end the threat posed by what Washington says are Saddam Hussein's revived WMD programs. Iran backs local Shiite militias in Iraq, some of which participate in attacks on U.S. forces. Saddam's dictatorship is toppled and he is executed in December. A 2019 U.S. Army study on the Iraq War concludes that "an emboldened and expansionist Iran appears to be the only victor" in the conflict. May 8, 2018 Trumps Pulls Out of JCPOA and mount a sanctions campaign to place "maximum pressure". Iran responds by boosting uranium enrichment in defiance of the agreement's terms. On June 13, two oil tankers are attacked near the Strait of Hormuz, about a month after four commercial ships are damaged in the same area. The United States blames Iran for the attacks, with Trump calling the country "a nation of terror." On December 31, 2019 Iraqi demonstrators and Iran-backed militias attempt to seize the U.S.

Embassy Baghdad in retaliation for an air strike that killed militia members. Protesters chant “death to America” and demand that the United States withdraw its troops from Iraq. In response, President Trump tweets that Iran will pay “a very big price” for any lives lost or damage incurred at U.S. facilities. The United States kills Qasem Soleimani, commander of the IRGC’s elite Quds Force, with a drone strike in Baghdad. Soleimani was considered by some experts to be Iran’s second most powerful person after Supreme Leader Ali Khamenei. Iran promises revenge and announces that it will no longer commit to restrictions under the nuclear deal. It later attacks multiple U.S. bases in Iraq, wounding dozens of U.S. and Iraqi personnel.

Following the assassination of Mohsen Fakhrizadeh, a top nuclear scientist, Iran’s parliament approves a bill to boost uranium enrichment to 20 percent—far beyond the concentrations permitted by the JCPOA. It also vows to expel International Atomic Energy Agency inspectors if sanctions on the banking and oil sectors are not lifted within two months. The bill passes with approval from Supreme Leader Khamenei, despite President Rouhani’s opposition. Iran blames Israel for Fakhrizadeh’s killing, and hard-liners insist the United States was also involved. Khamenei signals that U.S.-Iran relations will still be fraught under President-Elect Joe Biden. Every time Iran responds to US by attacking its ships or other European vessels in Gulf of Aden.



Graph showcasing the effect of foreign sanction in the oil trade of Iran.

The Middle- East Cold War

The Middle-East has various political issues and military conflicts going on currently and there are two countries involved in each and every one of them; supporting opposite sides and further escalating tensions, these are Iran and Saudi Arabia. The two are indirectly fighting each other in Yemen, Libya, Syria and Palestine. The ultimate aim of both the countries is to gain dominance in the region and the cold war is all but for strategic and regional dominance. Saudi Arabia and Iran have been antagonists for decades, with many regional wars and violent conflicts being prolonged by the manoeuvring and influence of these two Middle Eastern giants. Saudi Arabia envisions itself as the representative of Islam internationally, using its custodianship of the holy cities Mecca and Medina to bolster this claim. To counter this, Iran has traditionally appealed to Arab populations through expressing vehement opposition to the United States and wider-Western imperialism in the region, and emphasising commitment to the Palestinian cause. Further, predominant elements of the Cold War were the use of proxy warfare and fears of expansionism. This is highly relevant in the Middle East, as proxy warfare is prevalent, with Saudi Arabia and Iran backing opposing factions in Iraq, Lebanon, Yemen and Syria. The contending factions in these countries often line up along the Sunni-Shi'a divide, a product of regional instability, allowing for Saudi and Iranian influence to be achieved through the patronage they provide to Sunni and Shia regimes or minorities. Interestingly, the US's fear of expanding Soviet-Communist influence in the world, or fear of the "Reds", mirrors that of Saudi Arabia's fear of Iran "exporting the Revolution" post-1979 and spreading its anti-monarchic Shi'a theocracy throughout the Middle East. Iran explicitly discredits the legitimacy of monarchical regimes, directly challenging the Saud family's rule and questioning the reign of the Saud family, claiming that a monarchical regime with Islamic ideals is illegitimate, holding up Iran's clerical leadership and republic state as the ideal model for Islamic rule.

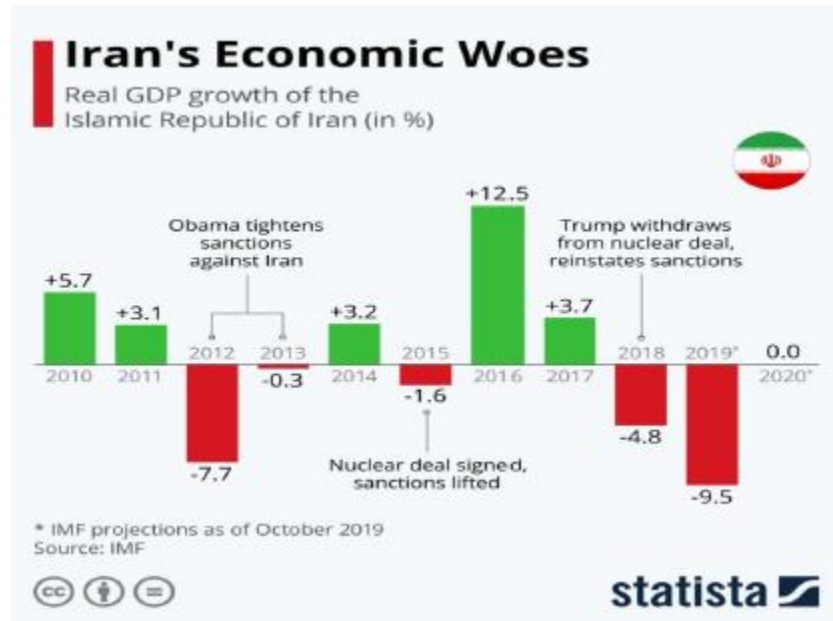
The Economic Situation of Iran

Iran had been a wealthy region until the 19th century; however the economic might of the nation started to disappear with incoming of modern warfare and machinery. It further deteriorated post WW2, when the country's government came under immense foreign pressure and was invaded by the USSR and Britain. The new found black gold or oil is also considered as a very pivotal resource, which has a history to be mismanaged by the previous and the present Iranian governments, it was exploited by the foreign powers during and post WW2. Coming on to the present situation, Today Iran faces severe economic challenges and is badly hurt by the hard-hitting American sanctions. Iran's stand on regional political as well as social fronts is very much responsible for putting the economy in jeopardy. Also, the reluctance of the government to bring in much needed economic reforms too imperils the economy. Today, Iran's economy heavily relies on Oil, something which is backfiring for them. Iran's economy is characterized by its hydrocarbon, agricultural, and service sectors, as well as a noticeable state presence in the

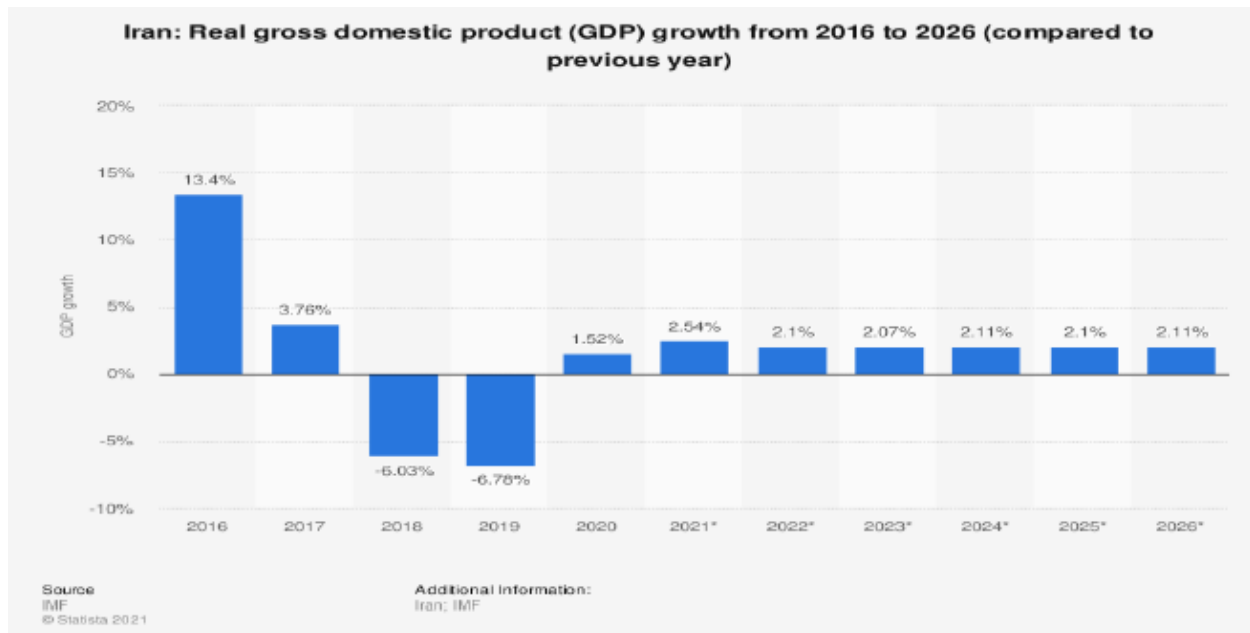
manufacturing and financial services. Iran ranks second in the world for natural gas reserves and fourth for proven crude oil reserves and, while relatively diversified for an oil exporting country, economic activity and government revenues still rely on oil revenues and have, therefore, been volatile. Iran is grappling with the impact of COVID-19 crisis. With more than 1.7 million cases, as of mid-March 2021, and 61,000 deaths, it remains the worst affected country in the Middle East and North Africa region. The vaccination of frontline medical workers started in February 2021, but full coverage of Iran's large population of 84 million will take time. Gross Domestic Product (GDP) has been estimated at US\$628 billion for the Iranian calendar year 2020/21, calculated at the official exchange rate for a population of about 84 million. Iran's real GDP is estimated to grow by 1.7% in 2020/21. Output loss from COVID-19 was less pronounced than in other countries, as Iran's economy had already contracted by 12% over the previous two years. The COVID-19 pandemic has, however, severely affected jobs and income in many labor-intensive activities, including high-contact services and the informal sector. Discouragement in the labor market, reflected in lower economic participation—of 41.4% in Q4-2020—drove the unemployment rate down to 9.4%, despite employment levels falling by over 1 million YoY as a result of the pandemic. COVID-19 expenditure and plummeting oil revenues have increased Iran's fiscal deficit-to-GDP ratio to its highest in decades. Government revenues April to December 2020 (9M-2020/21) were only 55% of the approved budget for the entire year. Similarly, only 14% of anticipated oil income materialized, due to lower oil export volumes and prices.

Meanwhile, the higher health and social assistance costs resulting from the pandemic pushed total expenditures up by 28% YoY. As such, the country's fiscal deficit is estimated to increase to over 6% of GDP and public debt to surpass 50% in 2020/21. Inflationary pressures also increased in 2020/21, as the Iranian rial depreciated due to a limited supply of foreign exchange and heightened economic uncertainty. Inflation resurged to over 48% (YoY) in February 2021. Since April 2020, the currency has lost half of its value because of US sanctions placed on accessing reserves abroad. These recent economic trends have added stress to low-income households and stalled poverty reduction. Poverty increased by 1 percentage point from 2017/18 to 2018/19, reaching 14% before the pandemic. Now, it is estimated that loss in household incomes through the pandemic and the rising cost of living, due to inflation, will push poverty up by 20 percentage points. A range of social protection measures have been introduced in response but, while they partially compensate for the lost incomes, their real value will erode with continued high inflation. In the absence of a pick-up in oil revenues, the fiscal deficit is projected to remain high in the medium term. Slow economic recovery would translate into similarly slow growth in non-oil revenues. Higher reliance on bond issuance, especially of short-term bonds, would increase interest payments and amortizations costs. Further issuance of government debt and the sale of public assets could increase financial contagion risks in the stock market and place more

stress on the undercapitalized banking sector.



Graph depicting the deteriorating economical condition of Iran
Credit: Statista

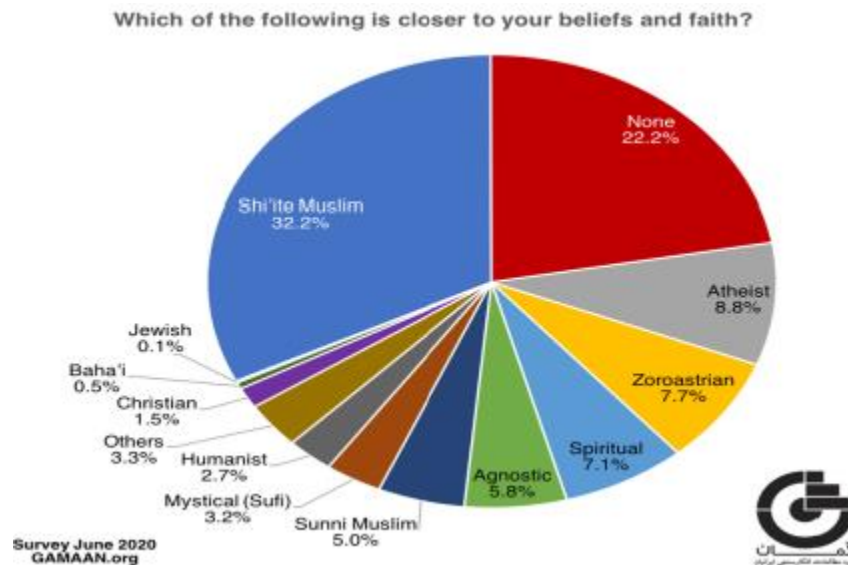


Expected growth of Iran's GDP is stalling.
Credit: IMF

The Theocratic Iranian Government & The Bizarre Political System

As the name suggests, The Islamic Republic of Iran has a theocratic government. We will begin by understanding the whole political system of the country. The politics of Iran take place in a framework that officially combines elements of theocracy (Guardianship of the Islamic Jurist) and presidential democracy. Iran is an Islamic republic in which the supreme leader, president, parliament (Majles) and judicial system share powers reserved to the national government, according to its Constitution. Shia Islam is Iran's official religion where around 90–95% of Iranians associate themselves with the Shia branch of Islam. The Supreme Leader of Iran is the head of state and highest ranking political and religious authority (above the President). The armed forces, judicial system, state television, and other key governmental organizations such as the Guardian Council and Expediency Discernment Council are under the control of the Supreme Leader. The Supreme Leader is appointed by the Assembly of Experts. However, all candidates to the Assembly of Experts, the President and the Majlis (Parliament), are selected by the Guardian Council, half of whose members are selected by the Supreme Leader of Iran. Also, all directly-elected members after the vetting process by the Guardian Council still have to be approved by the Supreme Leader.

The Guardian Council is an appointed and constitutionally mandated 12-member council with considerable power. It approves or vetoes legislative bills from the Islamic Consultative Assembly (the Iranian Parliament), and approves or forbids candidates seeking office to the Assembly of Experts, the Presidency and the parliament, Six of the twelve members are Islamic faqihs (expert in Islamic Law) selected by the Supreme Leader of Iran, and the other six are jurists nominated by the Head of the Judicial system (who is also appointed by the Supreme Leader). The current and the second Supreme Leader of Iran is Sayyid Ali Hosseini Khamenei; he took office in 1989 and since then has been taking crucial decisions about the country's all policies and functioning.

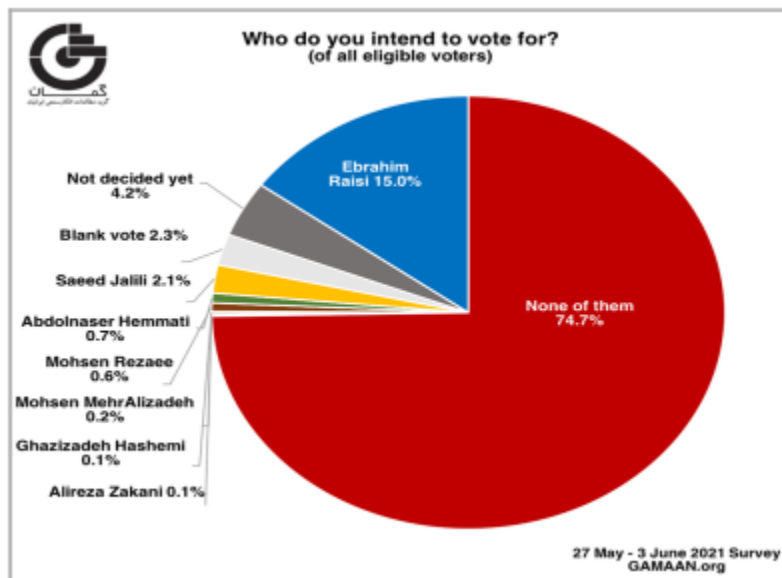


The religious demographics of Iran. Credit: Abedin Taherkenareh/EPA

Current Situation

Today Iran stands at a very crucial point, the decision the regime makes today will be sealing the future of Iran. The country's economy is stalling due to American sanctions and tensions in the Middle-East. Despite that the Iranian regime has been accused of financing and helping bolster terrorism in the Middle-East as in to maintain its dominating stand in the region, although the internal functioning of the country is weakening. Iranian economy is severely damaged and inflation is on a rapid rise, despite that the regime's priority is not to ease economic tensions of its people or bring in much needed economic changes, rather it is its strengthening its self-damaging foreign policy and bolstering its nuclear programme further provoking foreign sanctions. The regime also faces allegations of human rights violation, no religious freedom, extremism, corruption and of augmentation of regional tensions. The regime stands accused of disrupting regional and international peace as well as enacting heinous and violent crimes on the name of religion. The recent presidential election in 2021 is the biggest testimony of the deteriorating democracy and political situation in the country. The presidential election of 2021 was very crucial for the country; given the deteriorating economic situation. Generally in such scenarios, record breaking polling is registered. However, Iran registered its lowest voting turnout; as all the candidates selected were conservatives and none of them kept Economic changes as priority. Ebrahim Raisi an Islamic cleric and hardliner also a loyalist to the Supreme Leader won the election. Raisi a former judge who is accused of heinous crimes in the past, being elected in a historical low voter turnout and his hardliner ideology are considered to further hurt

an already suffering Iran. Also, the low voter turnout is a testimony of the fact that Iran’s political system is losing its popularity within the country. Iran has an unfathomable potential and can be an economic powerhouse in the region, but its bizarre internal politics and destructive foreign policy have hurt it unprecedentedly.



Graph depicting the declining democracy Iran
Credit: Abedin Taherkenareh/EPA

Future of Iran

Given the recent election of Raisi it seems that Iran’s condition is going to deteriorate further. With COVID-19 further worsening situations, inflation and fiscal deficit are likely to increase at an unprecedented rate. One of the the biggest long-term challenges which Iran is facing which the international community should take note of is the drought. Again, although this is an internal matter, it will have consequences on Iran's long-term strategy and behaviour in the region. Iran is not alone in facing the drought challenges which numerous countries in the region are facing. However, the seeming lack of preparation, and the deteriorating situation, makes it a problem of significant magnitude. The alarms are ringing all over Iran regarding the impact of the drought. One recent warning was from Dr Isa Kalantari, chief adviser on water, agriculture and environmental affairs to Iran’s current deputy President Eshagh Jahangiri. According to him, should the status quo regarding Iran's drought continue, “approximately 70% of Iran’s total population, meaning the equivalent of a50 million population, could be forced to migrate abroad in order to stay alive”. The world is already trying to reduce its dependence on fossil fuels. This is

a trend which is likely to gather strength over the next 20 – 30 years. Oil and gas constitute Iran's biggest exports.

Meanwhile Iran's economy continues to be weighed down by massive corruption and mismanagement, a problem which is unlikely to be resolved in the near- or long-term future.

So, while its regional neighbours such as Saudi Arabia embark on a massive privatization campaigns and **invest in a \$100 billion technology fund with the Japanese firm Softbank**, the question remains: what is Iran doing to prepare for its economic future? This is especially true if the country continues to be ruled by the Revolutionary front in its politics, rather than the Republicans.

What Can Be Done?

To begin with Iran must bring in considerable change in its foreign policies and stop financing violent non-state actors. Iran's foreign policy must stay aloof from contentious matters and must bolster cooperation with each and every nation possible.

Iran must start dialogue with regional countries especially Saudi Arabia and must make it explicit that it is ready to discuss on any agenda through 'cooperative dialogue'. Iran must make it explicit to the world that it believes in dialogue and must stop any sort of aggression in the Gulf of Aden; through this Iran also makes the call for dialogue with the US. Iran must also explicitly state its willingness to stop the advancement of its nuclear programme and commence a New Nuclear Deal with the US in order to lift the American sanctions; which will be a big booster to the Iranian Economy. Iran would also need to commend the acts of Taliban in Afghanistan, Houthis in Yemen, Hezbollah in Lebanon, Hamas in Palestine and the Bashar regime in Syria. Iran will have to make various internal changes to regain the trust of their people, the government must in a slow and gradual process must move away from Theocracy and must permit necessary changes in the society that come with time; the power of the government elected by the people must be increased and there should be no 'selection' for the candidates to run for President etc. It must be free for all. A lot depends on Raisi now and given the travesty to his name and as all ways the Supreme Leader will have to put Iran first not his personal ideas or views. The Raisi government would also have to bring in much needed economic reforms and must start planning to shift the heavy dependency of the economy from oil to others. The international community also must welcome these reforms and must cooperate with Iran wherever possible; it must be lenient with Iran and must call off all the sanctions imposed on the country. The US too must explicitly state its willingness to cooperate with Iran and call off the sanctions. All of this would not only tease tensions of Iran but the US and Middle-Eastern countries. Free flow of trade and cooperation from both sides will have an enormous impact for the betterment of the region.

Result

We now understand in depth the various trouble that Iran faces today on various fronts. Iran needs to bring in major changes in its foreign policy; as in to bring economic recovery and plan economical future of the country. The talks that recently happened in Vienna can be seen as the first step towards it. Iran must stop its nuclear programme as to get wavier of the foreign sanctions and get done a new nuclear deal. Iran must start dialogue with US, Europe and Saudi Arabia as to explicitly put forward its new policies and agenda. Iran also needs to bring in much needed internal political changes in order to regain their people's faith in the system. Iran needs to shift its heavy dependency from oil to some other sustainable source. The Raisi government needs to bring in all the changes as soon as possible.

Discussion

We understood the unfathomable economic potential of Iran and yet how its economic condition is continuously deteriorating. In order to recover from COVID as well as the pre-Covid crisis Iran needs to bring in radical changes both internally and externally. If Iran does make the necessary changes in its foreign policy then it will see enormous economic development and a good sustainable future; Iran can then focus on internal matters, environmental crisis and oil-dominated economy. This would also pull away the biggest financier of all the violent non-state actors in the Middle-East further prevailing peace in the region and bringing devastated countries like Yemen, Palestine and Syria some ray of hope. We know the tremendous economic potential of the Middle-East this would help in trade in the region. Also, a major nuclear power coming up in the region will be prohibited.

Conclusions

It is explicit that Iran today is in its worse economic and political condition; the Iranian regime stands accused of heinous crimes and bolstering terrorism. Extremism and theocracy are hurting the region unprecedentedly. Iran continues to face repercussions due to its nuclear programme and foreign policy; while one needs to stop and the other needs major changes. Iranian people are going through extreme torment especially after COVID-19. Iranian people are rapidly losing trust in their political system this could lead to instability and repercussions. Iran also faces environmental crisis in the near future. In order to survive the Raisi government needs to play a very pivotal and crucial role for the welfare of Iran and make radical changes.

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