

## Provinces, Localities and the Limits of Local Politics under the Islamic Republic of Iran.<sup>1</sup>

*The following remarks were made by Kian Tajbakhsh in connection with his participation in the conference entitled “Iran Under President Ahmadinejad,” which was held at the Woodrow Wilson International Center for Scholars on June 26, 2006. The opinions expressed here are those of the speaker and in no way represent the views or opinions of the Woodrow Wilson International Center for Scholars.*

### BACKGROUND

Almost one year after taking office, the Iranian President has made headlines as a result of several controversial positions in the sphere of international politics. On the domestic front, Mr. Ahmadinejad's government has also drawn attention for the populist policies and style that he has adopted – in particular the decision to visit every province with the entire cabinet -and that is, in degree, if not in kind, a departure from past practice. In mid July 2006, he completed his 16<sup>th</sup> such visit to the northern province of Azerbaijan. The result of each of these trips is a long list of projects ranging from infrastructure to social welfare that are signed as a form of executive order by the cabinet. Framed as a way to show that the President is a hands-on manager, directly concerned with the welfare of the local population, these provincial trips have been interpreted by some observers as signaling a new attention by this administration to the needs of localities in contrast to the richer cities of the center (particularly Tehran and the other major urban centers). This populist strategy is intended as a wake up call to a bureaucracy viewed as a legacy of the previous three administrations of Khatami and Rafsanjani. It is also no doubt a way to shore up the President's power base of poorer classes and provincial and small town population that many believe Ahmadinejad's election brought into the political equation. (I do not believe that this is an accurate interpretation of the results of the last election but I will treat this issue at another time).

But does this new orientation to the provinces represent a commitment of the new administration to a strengthening of local institutions in Iran? In what follows I will argue that if the totality of the changes concerning the provincial and local institutions are taken into account, and in the context of transformations in public institutions over the last two decades, a different picture emerges. **One the hand**, the provincial strategy is a populist strategy that in many ways undermines the ability of the provincial bureaucracy to carry out effective rational planning for development. This is because it bypasses existing provincial (government) institutions that only in the last decade and a half have been slowly gaining greater responsibility for local development plans. Rather like a roving medieval court dispensing patronage, the cabinet is micro-managing development projects (building schools, bridges, etc.) that are best handled by existing local representative and bureaucratic institutions. While perhaps intended to spur what is seen as a cumbersome bureaucracy, it is unlikely that the long list of projects developed by the

---

<sup>1</sup> This is a text of a presentation and therefore is part of a larger work in progress about the Iranian local governmental sector. Comments would be more than appreciated. Please e-mail to [kian@kiantajbakhsh.com](mailto:kian@kiantajbakhsh.com).

President will be implemented. After a hiatus of confusion about objectives and priorities it is likely that after a year or so the provincial planning bodies will resume their functions. **On the other hand**, other changes proposed by the government and less reported have the potential to weaken the already limited power and legitimacy of elected institutions at the local level. It is to these broader context that I now turn.

Earlier this month, the Iranian parliament agreed to consider a proposed draft law submitted by the current administration that would significantly curtail the already limited autonomy of elected local institutions which were established seven years ago. After a short but vigorous debate inside and outside parliament, including extensive coverage in the print media, a large majority voted to consider the President's draft bill as the basis for further negotiations. The most prominent critics of the proposed law were in fact the President's friends and former colleagues in the Tehran city council – where a year before Ahmadinejad had been Mayor of Tehran - as well as a number of mayors and council members throughout the country. Their public statements and criticisms echoed what some opposition parliamentarians called an unjustified encroachment of government control over people's (*mardomi*) as opposed to government institutions, thus weakening the principle of “religious democracy” embodied in the constitution.

The political dimension of this episode was not far from the surface. Having achieved electoral “success” (defined within the very considerable constraints of Iran's political system) over the parliament and the executive branch, the anti-reformist political factions were no doubt looking to consolidate their gains in the upcoming elections for the Assembly of Experts (*Khobregan*) later this year, as well as in the third round of elections for urban and rural councils, which are planned for either fall 2006 or early 2007. The draft law was in part designed with the objective both of weakening reformist's chances to win as well as restrict whatever power the local councils would have relative to the central government.

However, in this presentation I would like to place emphasis less on the political battles between different factions within the state and more on what this episode and its precedents can tell us about the evolving system of administration of the society through the government bureaucracy and state institutions. The story of the establishment, evolution and current attempts to re-design key institutions of the state system in Iran under the IRI - those that are responsible for managing the provinces and localities - is one significant part of the story of the changing nature of the state institutions that define the regime as a whole under the Islamic Republic. It also provides I suggest important clues as well to the reasons for the apparent stability of the regime.

Local institutions are significant partly because this is the level where ordinary Iranians come face to face with the state for basic services such as education, health, water, their private property and housing and so forth. How these institutions function, whether it makes any difference if they are run as government bureaucracies or as elected municipal institutions, and whether people care or not – are some of the questions to which I think it is important to pay attention if we are to better understanding of how the state works in everyday life in Iran. Some of the answers to these questions are not unique to Iran – it is

in large part a socialist system common to the Arab Middle East - but the particularities of this system and the way it is understood and perceived by ordinary Iranians – probably offers some important clues for understanding the regime as a whole.

Clearly I am not able in this short presentation to do more than to highlight some significant themes which help illuminate the broader context in which the recent changes, such as the new draft law introduced above, must be placed. I will point to three key themes.

**Theme 1. The creation and development of public institutions over the last three decades have displayed a greater degree of coherence and long term planning than at first appears, and displays a cautious but steady approach to institutional innovation within the state system.**

The elected councils and the provincial governments are an illustration of this. As Asghar Schirazi notes in Constitution of Iran, up until about a decade ago most observers from the beginning of the Islamic Revolution (such as Ayatollah Taleghani) were certain that despite explicit provisions in the constitution, the Islamic regime would not permit the establishment of the councils. However, as the regime is nearing the end of its third decade, not only have the city and village councils successfully been established, but the entire set of intermediate councils from the village all the way up to the Supreme Council of Provinces are also in place. There is no space to discuss the reasons for the adoption of this institutional design by the founders of the Islamic Republic, but the point is that it enjoyed widespread support. Soon after the end of the war with Iraq, with the reconstruction needs pressing and relative social peace in the ethnic minority provinces achieved, the debates over the fulfilling the constitutional requirement to establish councils began anew. And while it was the Khatami reformists who established the Councils law in the mid 1990s and oversaw its implementation in 1999 – for both short term and principled reasons - even a conservative such as Ayatollah Jannati saw nothing much to argue with and supported their establishment. Since then whatever contradictions exist in the practice of councils – principally over how much autonomy they should enjoy from the central government – emanate from ambiguities present in the constitution, and as yet not clarified by legislation. It is worth mentioning in this regard that this situation is hardly unique – from federalist systems such as Pakistan and Germany to unitary state systems such as the UK these problems are a perennial in the area of intergovernmental relations and design, and often no less contradictory than the Iranian case - the unique problems of the Iranian case lie elsewhere.

While attributing a rationality and intentionality to a system is of course problematic – and a retrospective reconstruction of events as part of an overall plan even more hazardous – in the Iranian case there is a case to be made for a form of goal directed action. Consider the following narrative: A centralized state system emerging from a decade of revolution and war in 1990, began a project of national development based on a what might arguably be compared to Nasser's Arab socialist model: for this the state required an effective (if not necessarily efficient) bureaucracy to deliver social services. The motivation for this “service orientation” could be attributed to ideological

(communitarian) values, a trade-off for political repression or a combination of the two. However, in a large country achieving this developmental goal inevitably requires some degree of deconcentration and decentralization of decision making and control. Thus the Iranian state began a policy of fiscal decentralization to reduce the dependence of municipalities on the central government in 1990 (in the 1<sup>st</sup> Five Year Development Plan, 1990-94). The 2<sup>nd</sup> FYDP (95-99) established the institutional framework for provincial governments which were authorized to collect own revenues in a special fund and establish an organization to plan and supervise provincial budgets. Taken together, by the late 1990s these reforms established an unprecedented reach and institutionalization of the provincial inter-government sector. The commitment to decentralization of responsibilities to municipalities was then expressed most explicitly in the 3<sup>rd</sup> FYDP (1999-2004) and this has continued, in some respects more robustly, under the 4<sup>th</sup> FYDP (2005-2009). In 1999, five year after the passing of the first local Council law, council elections were held. Tax Laws a few years later dedicated substantial new resources to urban and rural municipalities and new institutional innovations – such as transferring responsibility for rural development from the agricultural ministry to the same ministry responsible for urban development, and the creation of a central government Municipalities Organization to oversee all urban and rural municipalities – all this suggests moves towards a goal of institutional innovation towards creating an inter-governmental framework. This says nothing about the quality or the efficiency of this system of course, but the goal directedness of it is striking.

One plausible explanation is a widely shared commitment to the founding document of the IRI as a blueprint for action, in combination with more short term political considerations. Where there have been ambiguities and contradictions in the constitutional provisions, these have been exploited by different political factions. Where less contradiction exists, all factions have displayed a somewhat remarkable commitment to the constitutional provisions – remarkable given the non-democratic nature of the political system. Recent changes in the laws concerning the powers of councils have to be viewed in this broader context.

## **Theme 2: Surprising degree of local autonomy and resources, given the centralist character of the Iranian state.**

The IRI's constitution gives greater authority to the councils than the previous constitution and laws. Whereas before the 1979 constitution local councils were purely the creatures of the central state, the current constitution raises them to an independent source of authority effectively as part of the legislative branch (a hint of a form of division of powers on a territorial, non-regional basis). To the extent to which the constitution is adhered to, all political forces that wish to constrict the actual authority of the local councils are forced to go around this fact rather than ignore or eliminate it. Legislation thus is used to define and limit the authorities in practice.

Municipalities have control over a surprisingly large amount of resources, although they are constrained by law over how these are spent. Over the past decade for example the per capita revenues of municipalities in real terms and as a proportion of GDP has doubled. (Although compared to other countries the relative size of the municipal sector

is still not large). Most of this increase has come from increased building activity as result of population increases and the demand for housing, in conjunction with the fact of the transformation of agricultural to urban land. Because urban municipalities are responsible for implementing and paying for the urban development plans drawn up by the Ministry of Housing, they use the bulk of this money to build the urban road system and parks (which includes compensating owners for land taken for these purposes). In addition, municipalities are responsible for establishing and maintaining the urban public transport systems, for managing solid waste (garbage) and for keeping the streets clean and lit. All other services (water, gas, electricity, communications, as well as education, health and so on) are provided by the central government. Despite the narrow range of responsibilities, almost 40 percent of all local (sub-national) capital expenditures are accounted for by municipalities.

Surprisingly, the vast majority of municipal revenues are not controlled by the government but since 1999 are controlled by the elected local council – in Tehran this is 90 percent, in the smallest cities it is 60-70 percent. Although the sources of revenues and to a lesser extent the expenditures are constrained by law (what is known as the *ultra vires* principle) elected municipalities nonetheless have more autonomy that appears at first sight within a generally quite centralized system.

### **Theme 3: Confusion over the institutions of the “public” sphere.**

Before proceeding, some definitional clarifications. There are four terms that are used to refer to the public sector in Iran: government (*dowlat*), state (*hukumat*), public sector (*bakhsh umumi*) and regime (*nezam*). In brief, we can describe these as follows: the “government” consists of the legislature and the executive branches (not the judiciary). The “state” consists of the governmental sector plus all institutions under the control of the supreme leader, including the judiciary, military and radio and television. (Confusingly, the latter are considered non-governmental in Iran.) Government plus state plus a few other institutions would then make up the public sector. And by “regime” is meant the government, the state, as well as social and economic groups and interests.

The problem is that while the constitution makes the councils a part of the legislative branch which would thus naturally subordinate the executive branch to it – thus making sense of Article 103 which states that all executive appointees at the provincial level must implement decisions of councils. On the other hand, Iranian law has the peculiarity of making municipalities “non-governmental” entities. Thus the national budget does not take into account the revenues and expenditures of the municipal sector except in so far as it concerns explicitly government grants and transfers. Municipal finances are not subject to government oversight and accounting procedures.

Not only do the laws contain ambiguities over the legal status of municipalities vis-à-vis central government, but the political discourse of Khatami’s reform agenda that promoted and established elected councils added to these ambiguities. In the context of highly centralized political power, the reformists framed the significance of the councils in the late 1990s as civil society organizations – their hope was that the councils would represent *society* against the state. Whatever strategic justification this may have had at

the time, this analytical confusion has continued until today. But the solution to this ambiguity is not merely analytical: for a while, reformists and popular sentiment perhaps felt that due to the relative autonomy of elected councils from central government – both in terms of not being supervised by the Guardian Council and having local control over how to spend local revenues – councils would be an opportunity to pursue a democratizing reformist agenda. This was not to last – the energy for locally based reform was tied to the national movement. When the latter faded so did the former.

### **Current trends**

Recent changes show a tendency for the government (*dowlat*) and the state (*hukumat*) to become merged. Let us look at the recent draft law.

**The changes proposed by the law** fall into three main groups. First, it effectively transfers responsibility for supervising elections, including the approval of all candidates, from the parliament to the Guardian Council; as such, the hitherto anomalous situation of the councils as the only electoral bodies in the country not to be controlled by the GC will be resolved and will bring them in line with the national parliament and other electoral bodies. Second, it gives more power to the central government (MOI) to approve and veto council decisions, the most significant of which are (a) the Mayors selected by the councils and (b) the ability of city councils to create and support voluntary neighborhood committees that act as the eyes and ears of the city council throughout the city at the neighborhood level. For example, Tehran municipality was recently involved in a tussle with the central government over the establishment of 400 neighborhood councils in spring 2006. Third, the law would keep the size of large councils to an inefficiently small number; moreover, in large cities such as Tehran with 15 members for almost 8 million people, this has the effect of preventing reformist politicians from entering the representative body (a reformist is 16<sup>th</sup> in the line up and would enter the council if it was expanded).

If one adds to this the recent budget law permitting the awarding of government contracts to the *Baseej* (and *Sepah*) related companies, we see both a tightening of the space of local autonomy and a merging of the state and governmental sectors. It is not the case that the local institutions were not exploited by reformists for advancing their agenda. But apart from Tehran municipality that used its powers to launch two successful presidential bids, in general most other cities have merged into the national developmental agenda of the IRI. A fuller analysis would require discussion of several other key questions regarding the public administration in Iran - such as what do people want from the system, and does the system supply it - but I will have to end here. If the new council law is finally approved, as I think it substantially will be, it will mark the end of the first phase of an experiment in local representative institutions under the IRI. It would also confirm the idea that the fate of local institution is highly dependent upon developments in the national level.<sup>2</sup>

---

<sup>2</sup> I address this last point and analyze the last city council elections "The Fate of Local Democracy under the Islamic Republic." *Iran Analysis Quarterly* vol.1., issue 2, Fall 2003.  
<http://web.mit.edu/isg/IAQ/IAQFALL.pdf>

---