

## Problems of Iran's Economic Policy: The Rivalry of Conservatives and Reformists in Iran

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### Abstract

*There are differing interests of the conservative and reformist camps in Iran's economic policy. The conservative camp wants Iran's economic system to run according to the ideals of the early revolution which rejected the Western system in implementing economic policies. Meanwhile, the reformist camp wants Iran's economic policies to follow the neoliberal concept. These policy changes along with the changes of Iranian Presidents, it has caused policy differences resulting in Iran having an unstable economy. This study wants to answer why the Iranian economy is unstable. This research uses a descriptive qualitative method through literature review. The results can be concluded that the factors that influence Iran's changing economic policies are rooted in the internal problems of the government institutions in Iran.*

### Keywords

Iran; conservative; reformist; Neoliberal; economic growth



## I. Introduction

Iran has gone through a series of fluctuating economic problems over the years. This economic crisis has affected various sectors that support the socio-economic structure in Iran. In 2021, 43% of Iran's Olympic athletes, 30% of professors of mechanical and computer science departments at universities in Iran, and 3000 physicists have left Iran or plan to leave Iran soon. Many doctors have also left Iran, causing the Deputy of Iran's Ministry of Health to write a letter to Ayatollah Ali Khamenei about this emergency. (MEE, 2021) Domestic needs, which have increased especially since the pandemic in 2019, are faced with an alarming situation and exacerbate Iran's current economic conditions.

To get the life they want, Iranian experts and academics see leaving Iran as a necessity, as the country's situation is worsening. The head of a company that helps Iranians to migrate officially stated that the demand to leave Iran is increasing rapidly, especially after the election of President Ebrahim Raisi. (MEE, 2021) Ebrahim Raisi, who succeeded President Hassan Rouhani, is an ultra-conservative president close to Ayatollah Ali Khamenei. The departure of these 'geniuses' from Iran illustrates that the hopes of Iranian citizens are increasingly dashed as the weakening of the Iranian economy impacts other sectors.

The push from internal factors and pressure from factors external to the Iranian state hit the Iranian economy from various sides. There are at least three main reasons for the protracted economic crisis in Iran, namely: increasing external pressures, geopolitical tensions, and harmful domestic policies. (Ghodsi & Fathollah-Nejad, 2020).

From the external side, Iran has lost many big deals in oil export revenue since it received various sanctions imposed by the United States since the beginning of the formation of the Islamic Republic of Iran until the 2015 JCPOA agreement. These US-imposed sanctions penalize third countries that do business and trade with Iran, and freeze Iran's assets in international banks. These sanctions make it difficult for Iran to export oil and other resources.

One of the external factors affecting Iran's economy is the sanctions imposed by the US in 2011-2015 supported by global economic sanctions contributed to the collapse of Iran's economy as a result of the decline in Iran's crude oil exports by more than 50% (Katzman, 2021) coupled with the blocking of Iran's assets and property abroad, hindering Iran from utilizing its assets.

The political situation in the Middle East requires Iran to also play a role in regional political contestation. Geopolitically, the country of the Mullahs has a very large territory and has natural and energy potential that is no less large than other Middle Eastern countries. The momentum of the US invasion of Afghanistan in 2001 marked a new chapter in geopolitics in the Middle East with the strengthening of Iran's influence in the region. Iran's influence grew stronger after the collapse of Iran's two archenemies, the Taliban in the east, and Saddam Hussein in the west. (Mousavian, 2014)

The geopolitics of the Middle East after the Arab Spring has led to new conflicts such as those in Syria and Yemen. The relationship between Iran and Syria as close friends has been established for a long time, making Syria one of Syria's loyal friends in the region. Iran immediately helped the Syrian government to resolve the conflict. Syria then became an arena for geopolitical contestation and proxy wars between groups with certain interests. Iran in this case is on the Syrian side and faces off against Saudi Arabia and in a larger scope, the US and Russia are involved. The Syrian conflict then becomes a complex conflict and Iran's involvement in it by providing political and economic assistance continues regardless of what is happening inside Iran.

In addition to external and geopolitical factors, Iran's economic condition which is experiencing inflationary pressures and economic instability is also caused by internal factors. The internal factors of a country are an essential source of problems to be studied in an effort to understand and even improve the country's condition. In Iran, poor economic policies hinder sustainable economic growth in Iran. They are faced with conditions where the government is not favorable to banks and individuals, the government's fiscal policy becomes more restrictive and the consequence is stagflation or stagnant inflation. Stagflation is a condition where high inflation and recession occur simultaneously. (Ghodsi & Fathollah-Nejad, 2020)

This unstable economic condition is made worse by the changing economic policies in Iran every time there is a new president. Iran has tried neoliberal, populist, or conservative economic systems. It depends on the policies and direction of the president in power. In this case, the author will discuss more about internal factors, especially the economic policies of Iranian presidents since the death of Imam Khomeini to Hassan Rouhani to see the dynamics of Iran's economic policy decisions that have changed and affected the long crisis in Iran.

Although in terms of politics the Wilayah Al-Faqih must still be implemented, but in terms of economics, the figures in the Iranian government are divided into conservative camps and reformist camps in viewing economic policy for their country so that there are frequent policy changes in Iran's economic policy.

## II. Review of Literature

### 2.1 The Economic Concept of Wilayah al-Faqih

The concept of Wilayah al-Faqih, which is the basis of Iran's state system, ideally wants to make Iran a just and prosperous country, free from colonization and colonialism in any form. The independence and sovereignty of the state in running its government without foreign interference is also one of the ideas promoted in Wilayah al-Faqih. In practice, this concept continues to evolve. In Imam Khomeini's *Kasyful Asrar*, it is stated that in the Iranian government, the role of the clerics is only as supervisors and the government is not in the hands of the clerics. Khomeini wrote: "We do not claim that the government should be under the clerics, but it should be run in accordance with the divine law which lies in the welfare of the state and the people. This cannot be achieved without the supervision of religious scholars - a fact also affirmed by proponents of constitutionalism." (Mavani, 2013).

### 2.2 The Neoliberal System

The history of economic development in developing countries has always been characterized by various theories proposed by Western scientists. Throughout the world, neoliberalism has spread through the presence of powerful funding agencies such as the World Bank, International Monetary Fund (IMF), UN development agencies, etc.

Neoliberal economics is an economic system invented in the late 20th century that favors the reduction of government barriers in the economic system. The main regulator in a neoliberal economic system is the market mechanism, not the state. As mentioned in the Washington Consensus, the role of the state in neoliberalism is emphasized to perform 4 functions, namely: implementation of tight budget policies (including the elimination of subsidies), financial sector liberalization, trade liberalization, and privatization of state-owned enterprises (Stiglitz, 2002). The five main points of neoliberalism include:

1. Market Rules. Freeing private companies or enterprises from any binding ties from the state.
2. Cutting state spending on social assistance
3. Deregulation, reducing government regulation of anything that could reduce profits, etc.
4. Privatization
5. Reducing the concept of public good and replacing it with self-responsibility.

This system is also known as the provision of aid funds to carry out development in a country by world monetary organizations such as the World Bank, International Monetary Fund (IMF) specifically for third world countries or newly independent countries or countries that are experiencing a crisis to carry out development in their country.

Around 1970-1980 when there was a slump in the global economy, a form of internationalization of production and finance was implemented to overcome these problems. Developing countries at that time began to participate in the global value chain by undertaking export-oriented industrialization. The economic crisis and economic instability that occurred in developing countries caused the power holders to start implementing neo-liberal policies related to development strategies. Developed and developing countries jointly reconstructed the global economy to counter the trend of the crisis (Valadbaygi, 2022).

### III. Research Method

This research uses qualitative research methods that aim to understand (to understand) and interpret (to interpret) a behavior or social interaction (Cresswell, 2012). Qualitative research methods use a naturalistic approach to seek and find an understanding, or understand a phenomenon in a particular context. The researcher is a very important instrument in this method to capture meaning, interaction and value.

This research uses a literature study method or literature review. The literature study method is a series of activities related to library data collection methods, reading and recording, and managing the writing material. (Zed, 2014) Data sources from literature studies can be obtained through various literature sources such as books, journals, documentation, internet sources, news with trusted sources, and other sources.

In qualitative research, data collection is driven by facts found in the field through reliable literature sources. These data contain meaning and this meaning is the true meaning. Qualitative research seeks to find the meaning, process, and context of a context of a behavior or social event that is being observed. (Bakry, 2016).

### IV. Discussion

#### 4.1 Economic conditions in Iran after the 1979 Iranian Islamic Revolution

The monarchical system in Iran ended during the reign of Mohammed Reza Shah Pahlavi who had led Iran for 38 years. In the economic aspect, the Shah's regime adopted a Western-style development model that made the country's level of prosperity and economic survival very dependent on the West. This dependence covered various aspects such as raw materials, technology and trade. The managerial knowledge to manage the economy in that period was highly dependent on the models taught by the West.

Economic issues were one of the biggest factors in the uprising that led to the Islamic Revolution. The Pahlavi regime was overthrown by the forces of revolution in 1979. Iran then changed its name to the Islamic Republic of Iran and was led by a cleric as the supreme leader, Ayatollah Khomeini. The new government based on the principle of theocracy made a series of changes in Iran. Ayatollah Khomeini wanted Iran to become a country that runs in accordance with Islamic principles that cover the entire life of the state, including the economy. Martinelli (2019) stated that policies that only rely on economic growth are policies that limit the circulation of assets among the rich people. (2014). Despite modest progress in some countries, the post-colonial state has been unable to establish rights-based political and economic systems of governance that would facilitate consolidation of state-building and promote economic development (Monga, 2019). Particularly, whether inflation is necessary or harmful form economic growth constitutes the basis of the matter in question (Eden in Wollie, 2018).

The Pahlavi regime was criticized by the public for insufficient investment in agriculture, overexploitation of oil reserves production, promotion of a consumerist economy but on the other hand the gap widened between individuals, classes and regions. The exchange and trade system in Iran was liberalized even by Western standards. Although in mid-late 1978 the Pahlavi government achieved its economic, social and military goals significantly, it failed to create strong popular support for its rule especially among the religious and middle class.

The Islamic model aimed at correcting the "mistakes" of Pahlavi-era economic policies was to develop a sound economy and reduce dependence on outside influences. In terms of the economy, the 1979 Iranian Constitution laid out a plan to achieve precise and

just goals by fulfilling all the basic necessities of life for the people, and to achieve national self-sufficiency in production, science and technology. The document required an ideal model in which the theocratic government exercised supreme command over the economy, namely in basic industries, banking, insurance, foreign trade, and public needs. (Amuzegar, 1992)

The economic policy in Iran that wanted to implement a shariah-based economic system at the beginning of the formation of the Islamic Republic of Iran went through a tough journey. This change is faced with several challenges, including debts in the Pahlevi era, economic sanctions from Iran's enemies, freezing Iran's state assets in the US and Europe amounting to 20 billion US dollars, and 1000 billion US dollars of direct and indirect damage due to the war with Iraq (Ebrahmian, 2020).

In terms of food availability, before the revolution Iran could fulfill its domestic needs by importing which could meet the needs of the people every month. Iran was even called the largest importer in food fulfillment, including imports of cheese from Denmark, wheat from the United States, chicken from France, eggs from Israel, meat from Australia, potatoes and onions from Pakistan, and so on. (Ebrahmian, 2020) After the Revolution, Khomeini paid special attention to the agricultural sector which was then developed to meet domestic food needs. As a result, Iran was able to slowly break free from dependence on food imports from abroad and grow the production rate of domestic crops.

In 1980, Iran was shocked by Iraq's invasion of Iranian territory. This led to the 8-year Iran-Iraq war that devastated Iran's economy. The war automatically diverted important resources for economic development programs into supplying logistics for the war effort. After the war, Iran experienced inflation that touched 30% and unemployment reached 15%. (Amuzegar, 1997) After the war ended, Iran was faced with an emergency condition to carry out economic reforms and post-war economic recovery.

The death of Khomeini on June 3, 1989 left the spirit of revolution to the people in Iran. The revolution led by Khomeini was phenomenal because it was the only mass movement that succeeded without being based on Western ideas and also not supported by the two superpowers at that time. It successfully overturned the status quo of modernization and westernization in Iran and provided a new avenue for influential Islamic social movements. Until the end of his life, Khomeini continued to warn the Iranian people about the dangers of Western tyranny. After Khomeini's death, Iran's governing regime faced a difficult period and the potential to face obstacles in governance in the future. (Jahanpour, 1989)

#### **4.2 Conservatives and Reformists in Economic Policy in Iran**

Iran's political ideology is inseparable from the doctrine of Wilayah al-Faqih as the main source and state guidelines for the Islamic Republic of Iran. In its journey, the idea of Wilayah al-Faqih and the Iranian government system under the supreme leader who has absolute authority was not immediately accepted by the government stakeholders in Iran even from the beginning of the formation of the Islamic Republic of Iran. One of the figures who loudly voiced his criticism was Ayatollah Ali Montazeri. He was an influential cleric in Iran, even initially planned as Khomeini's successor. Montazeri criticized the Wilayah al-Faqih system for giving the president a great deal of responsibility, but not enough authority. Montazeri stated that "Responsibility and authority must come together." (Hafezi, 2009) Taking a position in opposition to the government led to Montazeri becoming a prisoner of the government.

Iran's politics and government to date continue to be colored by the wings of eslahtalaban (reformists) and osulgayaran (principlists) or better known as conservatives.



The 1997 presidential election won by President Mohammad Khatami was the moment when the two factions clashed openly. The year was a watershed moment for the reformist movement that wanted to voice the idea of a more democratic government in Iran. The reform agenda centered on the concepts of moderation, tolerance, accountability, and the rule of man-made law and supported civil rights, individual freedoms and civil society groups.

The conservative wing is a proponent of Khomeini's view of Islam that was hailed during the Iranian revolutionary process. They firmly adhere to the belief in following God's law and refuse to reinterpret and reform the political system. (Kar, 2010) The conservative camp believes that all forms of Western values and culture as well as Western-oriented thoughts that had flourished in Iran during the Pahlavi era should be abolished from Iran and replaced with Islamic sharia.

This difference in interpretation between the reformist and conservative camps was not always negative. Some of the negotiations through collective bargaining ended in compromises by each camp aimed at the public interest. One such compromise was an agreement to allow women the opportunity to work and girls the opportunity to pursue education, but with the caveat that women must wear the hijab and interaction between women and men is strictly regulated in universities. (Habibi E., 2007) This agreement between the two camps occurred during the Khatami era, but in the process it did not continue to the government after him.

In terms of the economy, the Iranian government is also divided into two camps in viewing the best economic policy for the country. The policies of Iran's economic system are presented in a different style from each elected president who serves a certain period. This decision depends on which faction the incumbent president belongs to. The conservative faction is in line with Khomeini's view of economic independence and relinquishing dependence on the West. On the other hand, the reformist faction wanted a more open economy and adopted many neoliberal systems. Economic liberalization, privatization, and a focus on economic growth were the main focus of the reform process. Economic sanctions imposed by the West on Iran have been a hindrance to Iran's economic movement since the 1979 Revolution. The reformist camp sought to lift the sanctions through negotiations in an effort to ease the economic burden on Iran.

#### **4.3 Iran's Economy under President Hashemi Rafsanjani (1989-1997)**

President Ali Akbar Hashemi-Rafsanjani, was one of the influential figures in the formation of the Islamic Republic of Iran and a major supporter of Ayatollah Khomeini. President Rafsanjani was an important confidant of Khomeini and served on the Revolutionary Council which was the main policy-making body and center of power after the 1979 Iranian revolution. He also helped draft Iran's constitution and was Khomeini's intermediary with the Iranian military forces during the war with Iraq, as well as being entrusted with the Wisdom Council. The Wisdom Council is a special council that advises Iran's supreme leader and is also part of the body that designs the election of the supreme leader, after the death of Ayatollah Khomeini who was replaced by Ali Khamenei. After Ayatollah Khomeini's death, Rafsanjani was elected president in 1989.

Iran's economic conditions at the beginning of Rafsanjani's tenure were more in a state of recovery and reconstruction after a decade of revolution and war with neighboring Iraq which cost a lot of money and time. Iran also needed development in infrastructure and other public sectors. In his inauguration speech, Rafsanjani said that independence will have meaning if Iran is economically strong. Therefore, Rafsanjani made efforts to strengthen Iran's economy as one of the important agendas of his administration.

In economic policy, President Rafsanjani tended to have a reformist view by replacing the social justice economic system and implementing neoliberal economic policies. He tried to ease social control, open the economy to the private sector, and improve Iran's relations with the outside world, especially the United States. (Esfandiari & Bakhash, 2017) In addition, President Rafsanjani adopted the International Monetary Fund's (IMF) structural adjustment program and economic liberalization program. The program included privatization, deregulation, cutting subsidies, devaluation, and supporting foreign investment in Iran. (Torbat, 2020)

Aside from the main goal of accelerating economic growth, Iran's first development plan was to reconstruct war-devastated areas, diversify the economy beyond oil and gas, build infrastructure and establish a manufacturing industry and increase economic activity. To reduce prices, the Rafsanjani administration proposed to increase imports and slowly abolish tariffs. President Rafsanjani also liberalized the economy by opening foreign investment and opening markets.

This decision to liberalize was not well-received by the majority of the Chamber of Deputies as it was seen as deviating from the goals of the revolution. However, the economic development and recovery plan was beyond Iran's financial capacity. Therefore, one of the conditions for increasing the optimal utilization of resources was to open up investment and adopt IMF programs. In this way, Iran's post-war infrastructure development and economic recovery projects can be addressed.

A new problem arising from the impact of free trade is the rising prices of goods and staples and stagnant wages. The removal of tariffs did not help lower prices, but instead increased unemployment due to the unpreparedness of Iran's domestic, especially local, producers to compete with the influx of imported products. Despite the perceived failure of the liberalization program, Rafsanjani was re-elected in the 1993 presidential election. (Torbat, 2020)

In his second term, Rafsanjani had to face opposition factions that insisted on a state-centric economic model. Rafsanjani's political and economic maneuvers were blocked by conservatives who opposed his efforts. At the same time, Iran was facing high levels of macroeconomic instability in the early period of 1995. Falling oil prices worsened the trade deficit and resulted in increased imports to meet Iran's domestic demand. In addition, the privatization of state-owned enterprises in the process of economic liberalization in the Rafsanjani era led to abuse and corruption that caused economic disparities in society.

#### **4.4 Iran's economy under Muhammad Khatami (1997-2005)**

Hojatoleslam Sayyid Muhammad Khatami was elected President of Iran in the 1997 general elections. Iran's economic condition after the departure of reformist President Rafsanjani left a big "homework" for the Khatami government. The new government was faced with economic challenges. Among them: falling petroleum revenues due to falling crude oil prices, recession and inflation due to budget deficits, reduced investment, weakening currency values, and socio-economic problems such as inequality and unemployment.

In the process of strengthening the economy, the Khatami administration undeniably made some progress in creating a stronger economy through its economic liberalization policies. Among the positive policies achieved were exchange rate unification, liberalization in exports and imports, and privatization. However, the whole process of economic liberalization, despite the challenges faced by President Khatami and President Rafsanjani, tended to direct Iran's economy towards the private sector and benefit the rich. This resulted in the reformist camp no longer gaining support from the wider public in the

parliamentary elections and the subsequent presidential elections. The failure of these two reformists gave the conservative camp the strength of popular support in parliament and the election of Ahmadinejad in the next election.

#### **4.5 Iran's Economy under President Mahmoud Ahmadinejad (2005-2013)**

President Mahmoud Ahmadinejad served two terms of leadership in Iran from 2005 to 2013. Unlike previous presidents, Ahmadinejad firmly rejected Western influence and loudly voiced his criticism of the international system that only benefits big countries. Ahmadinejad has a desire to return Iran to the values of the revolution that Khomeini originally wanted to implement.

The core idea of his election campaign is to protect the poor. Ahmadinejad believes that the previous distribution of wealth and economic opportunity was unfair and required redistribution. He also blames the unfairness of economic conditions and corruption on the implementation of economic liberalization policies by previous presidents Khatami and Rafsanjani. According to Ahmadinejad, liberalization processes such as privatization and price deregulation have been exploited for the benefit of a small group of businessmen and politicians. Ahmadinejad promised to redistribute income in the Iranian economy, reduce the price of basic necessities, raise salaries, and increase the benefits that the state can provide, especially to the poor. (Crane & al., 2008)

The main element in Ahmadinejad's economic transformation plan is economic prosperity. Ahmadinejad's view of what Iran's economic policy should be is that the people deserve real economic benefits from oil revenues. This can only be achieved if the revenues are distributed in cash or for the purchase of goods and activities that can directly benefit the people, especially the poor. Therefore, Ahmadinejad's government pursued a highly interventionist approach to the economy and used all political and bureaucratic functions as a solution to actively direct and manipulate the economy. (Habibi N., 2015)

Based on indicators regarding the benchmarks of economic growth in a region, among Ahmadinejad's most popular policies is his success in conducting subsidy programs that have an impact on reducing income inequality during Ahmadinejad's reign. The level of spreading convenience, i.e. the ease of access to household appliances and basic commodities in Iran, has also increased. The perceived gap between urban and rural communities is reduced in terms of having access to telephones, washing machines, televisions, public telephones and gas. (Habibi N., 2014) In addition, people also benefited in cash from the country's gas revenues.

In terms of employment opportunities, Ahmadinejad faces the same problems as previous presidents. Although Iran's population growth has slowed, children born during the high child birth rate of the 1980s are maturing and entering working age. In 2005, 16.4 million men and women were in the working age group. (Crane & al., 2008) Ahmadinejad's economic policies led to reduced industrial activity in 2012 and workers lost their jobs. Unemployment and labor force are still a big problem and homework for the president and policy makers in Iran.

#### **4.6 Iran's Economy under President Hassan Rouhani (2013-2021)**

President Hassan Rouhani was elected President of the Islamic Republic of Iran in the 2013 presidential election. The president, who is known as a pragmatic figure, is more inclined towards moderation in Iran. President Rouhani won the election as the only surviving candidate from the reformist faction and defeated other presidential candidates from the conservative faction. At the start of his presidency, President Rouhani was immediately confronted with a poorly run economy. The United States imposed



international sanctions on Iran at the end of President Ahmadinejad's term, causing Iran's currency, the Riyal, to lose two-thirds of its value in less than two years from 2011-2012. (Mostafavi-Dehzoeei, 2017) This condition made it difficult for the Rouhani administration to realize price stability and financial policies.

After coming to power, President Rouhani carried out neoliberal economic reforms both at home and abroad, including through foreign trade. In a book written by Rouhani and his team titled National Security and Economic System of Iran, he addressed the importance of structural reforms in manufacturing, banking and trade in Iran to reduce inflation. Besides, according to Rouhani, getting Iran's economy back on track will not be possible with sanctions. Therefore, one of the top priorities of the Rouhani administration is to make efforts to negotiate and reach agreements with Western countries so that nuclear sanctions can be lifted.

Economic growth is not necessarily only seen from the achievement of a positive trade balance. Good growth indicators also look at socio-economic development where economic achievements can benefit a larger group of the population. Contrary to the achievements made in 2016, a World Bank study shows that since September 2016 income inequality has increased and unemployment has reached its highest level during the Rouhani era.

As a result, Rouhani faces two challenges at once, namely massive protests over economic problems coming from within the country and constraints with US economic sanctions that drastically reduce Iran's oil and gas exports. (Torbat, 2020) Rouhani's neoliberal policies ultimately made Iran's economy worse at the end of his tenure in government. Indicators of good growth in a region, namely income balance, changes in the structure of the economy, growth in employment opportunities, and the ease with which people can fulfill their needs, were not successfully achieved by Rouhani.

#### **4.7 Fundamental Issues in Iran's Economic Growth Efforts**

One of the reasons for the departure of Iranian citizens from their country mentioned earlier is due to high unemployment and low employment opportunities. This socio-economic problem is a fact of life in Iran that has occurred for generations. In 2021, the unemployment rate was recorded at 9%, only one percent down from the highest recorded rate of 10-11%. (Don, 2021) Even though both conservative and reformist camps have the same agenda to reduce unemployment.

Iran's economy from President Rafsanjani to President Rouhani has not shown a healthy economic condition. In general, economic issues are the toughest challenge that must be overcome by whoever is elected as president of Iran. From all the periods described earlier, Iran's economic problems still recur in the ups and downs of privatization, subsidies, oil and gas, falling currency values, high unemployment, corruption and the high cost of living. Every president in office, both conservative and reformist, has struggled with these problems. It is clear that economic growth has not been achieved in accordance with the expected goals.

From the indicators in looking at economic growth in a region, namely: income balance, changes in the structure of the economy, growth in employment opportunities, the level of distribution of convenience (for people to meet their needs), gross regional domestic product, it can be seen that Iran has not succeeded in providing stable growth.

The economic policies of the reformist and conservative camps each have their advantages and disadvantages in their efforts to improve Iran's economy. Reformists focus more on economic sustainability by liberalizing and are willing to negotiate with the West, but this creates a gap within the country between the rich and poor and opens up

opportunities for fraud and corruption. The conservatives pay attention to subsidies, favoring the small people, reducing gaps in society, and want Iran to be economically independent. However, the conservative camp does not consider easing the international sanctions that have proven to weaken Iran's economy.

Iran has faced inflation, recession, and economic pressure due to international sanctions. Iran continues to face fluctuating and worrying economic conditions. The emergence of high unemployment, high prices of basic commodities, declining currency exchange rates, makes Iran's economy always in a 'sick' state. But one thing to note is that Iran's economy has never really collapsed. Iran's economy has been able to survive through difficult periods and is predicted to have the potential to continue growing. All this depends on the Iranian government, both the president, the supreme leader and the two factions in the Iranian government.

The political institutions in Iran are faced with two big questions and have to choose, will Iran pursue a reasonable path of economic growth accompanied by proper economic and technological development or will it continue to survive in a vulnerable and fragile economic condition? Both options have their challenges. On the other hand, Iran deserves to strive for better economic growth for the future of the country.

## V. Conclusion

There are two different models of economic policy, namely the neoliberal policy adopted by the reformist camp and the economic policy that refers to Wilayah al-Faqih and the initial goals of the revolution by the conservative camp. Each of these two views has advantages and disadvantages in improving Iran's economic stability. Iran's economic policies from both the conservative and reformist camps face the same problems in carrying out their economic policies regardless of what policies are implemented. The root of the problem that affects the Iranian economy comes from the internal government of Iran, which until now often argues and tends to interfere with the process of implementing policies between the camps. Political institutions in Iran should support each other and find a middle ground in developing the economy in Iran for the sake of common interests, not just group interests.

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