Chapter 7

The Second Islamic Republic, 1989–2005

The decade-long reign of supreme religious leader Ayatollah Khomeini and the eight-year Iraq war in many ways defined the “first Islamic Republic.” With the end of the war in 1988 and Khomeini’s death the next year, Iran entered into a “second Islamic Republic” whose leaders have fine-tuned the system in one way after another in a vain effort to restore popular support for the Islamic Revolution. Khomeini’s successors have lacked his charisma and authority. Leading politicians often depict themselves next to Khomeini on the huge, building-size murals that dot Iranian cities, but his legitimacy has not rubbed off on them. Iranians increasingly resented the sociocultural restrictions imposed by the Islamic Revolution, and they are not prepared to sacrifice for a revolutionary foreign policy.

For the first decade of this second Islamic Republic, it seemed that evolution away from the Islamic Revolution—or at least its worst aspects—was the inevitable trend, even if the pace was maddeningly slow. The 1989–1997 eight-year presidency of Ali Akbar Hashemi-Rafsanjani saw some reforms, though change was erratic and revolutionary principles still prevailed in such key areas as foreign policy. The reform cause looked like it had taken a leap forward when little-known Mohammed Khatami emerged the surprise victor in the 1997 presidential election. But within two years, the decade-long momentum for reform was reversed as the more hard-line revolutionaries reasserted their control while relegating to the sidelines the elected government. The future of the Islamic Republic is, however, unclear, because the revolution has lost the battle for hearts and minds of the Iranian people, especially the youth who faced serious socioeconomic problems.

The second Islamic Republic has been characterized by the same bitter factional disputes that characterized the revolution’s first decades. The factions keep shifting; each time one group emerges on top, it promptly fractures into new factions that go after each other. And the increasing popular discontent with the entire governing regime has led to emergence of new political centers, which then get either co-opted and neutered—as happened to Khatami—or repressed. All this makes for a complicated political scene, but none of it has made much difference for who really holds power. A small
elite of hardliners use their control over the powerful revolutionary institutions to dominate Iranian politics, economy, and society.

**The Rafsanjani Changes, 1989–1992**

Hashemi Rafsanjani was the architect of the “second Islamic Republic.” A towering figure of Iranian politics during his eight-year presidency from 1989 to 1997, he was surrounded by a team of technocrats willing to compromise on some aspects of revolutionary fervor if necessary to quell popular discontent at home or to preserve decent relations with countries that were important trading partners. However, that team did not bring about the changes many Western pundits expected—partly because of the opposition it faced and partly because Rafsanjani was never interested in reforming some of the most problematic features of the postrevolutionary system. For all the hostility between the warring factions within the Islamic Republic and for all the hopes that “moderates” would win out over “radicals,” at the end of the day, the policies advocated by the various groups were not so different.

Rafsanjani’s ascent to power was well under way even before he was elected president. He was able to position himself as the indispensable conciliator, assuring his reelection as Majlis speaker even after the Islamic revolution’s radicals consolidated their control in the Majlis by sweeping the April 1988 elections for the Third Majlis, winning a crushing majority. As ever, though, Majlis members identified themselves by tendency rather than formal parties. Many representatives shifted with the wind. When Iran abandoned the Iraq war in July 1988, the camp that had championed the war lost ground to the point that Prime Minister Mir Hossein Musavi, that camp’s standard-bearer, tendered his resignation. Though Khomeini insisted Musavi remain, he was politically vulnerable. With Musavi wounded and President Ali Khamene’i in the last year of his term-limited presidency, Rafsanjani, who had astutely positioned himself as the compromiser between warring factions became the real power-broker.

Seeing the government’s complex structure and diffusion of power as the Islamic Republic’s chief weakness, Rafsanjani led the charge to strengthen the executive. He dominated the constitution review panel that Khomeini created in April 1989. The panel proposed constitutional amendments strengthening central control: boosting the power of the until-then largely ceremonial president, weakening the faction-ridden Majlis and abolishing the prime minister who reported to it, and putting the (conservative) Council of Guardians in charge of supervising elections and vetting candidates, with the power to prevent from even running those deemed insufficiently loyal to the principles of Islamic Republic. The amendments also changed the character of the supreme leader from religious guide with an ultimate veto over political decisions to instead a religiously inspired political leader with explicit authority over many political matters. Rafsanjani explained the rationale for the change as, “Should priority be to a senior cleric [mojtabid] who has expertise in social, political, economic, and foreign policy and other fundamental