

# Iranian President Ahmadinezhad's Relations with Supreme Leader Khamenei

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Sep 12, 2006

## ABOUT THE AUTHORS



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Brief Analysis

**A**s part of their close consultation over how to respond to the Iranian nuclear challenge, top officials from the five permanent UN Security Council members and Germany met in Berlin on September 7. In developing a plan for influencing Iran, a key consideration is, who are the key decision-makers in Iran? In particular, what are the relative roles of Supreme Leader Ayatollah Ali Khamenei and President Mahmoud Ahmadinezhad? The record from Ahmadinezhad's first year in office suggests that at least on domestic policy, his actions have systematically reinforced Khamenei's authority.

### Background: The Iranian Political System

Although it is true that power in Iran is not entirely in the hands of one person, Iran's supreme leader has consolidated much power and is the final decisionmaker within the Islamic Republic. According to the constitution, the supreme leader directly appoints the head of the judiciary; military officers; the Expediency Council; a majority of the Guardian Council; and the heads of dozens of political, economic, and cultural institutions. Of Iran's important political positions, only the presidency and parliament (Majlis) members are outside the supreme leader's power of appointment.

By means of Ahmadinezhad's 2005 election as well as the conservative victory in 2004 parliamentary elections, Khamenei has marginalized opposition in the elected political bodies. The effect has been to further consolidate his power relative to that of the elected branches of government. As it stands now, the supreme leader is well positioned to intervene to resolve any differences among members of the Majlis and between the Majlis and Ahmadinezhad's cabinet.

### Economic Power

The Iranian economy suffered from restrictive state economic policies for many decades. This problem has become more pronounced under the Islamic Republic, many of whose leaders admire command economies and closed economic systems in which everything is produced at home. Iranian commercial law, monopolies, corrupt economic practices, and a restrictive political system deny the private sector the opportunity to work in secure and free conditions.

One way for the supreme leader to expand his political authority is to extend his economic reach. In the last year, Khamenei expanded his economic power through Ahmadinezhad's economic policy. For example, in the current state budget, governmental religious institutes have benefited from an unprecedented increase in their annual funding. The affected institutions include the Center for Management of the Seminary, the Office of Islamic Propaganda, the Islamic Propaganda Organization, the Culture and Islamic Relations Organization, the Imam Khomeini Educational, the Research Institute, and the Office of Friday Prayer Imams.

Many economic institutions function under the authority of the supreme leader but officially are considered private organizations. This is particularly true of the foundations (bonyads), such as Martyr Foundation, the Oppressed Foundation, the Holy Shrine of Imam Reza, the Khatamol Anbia Company, and the Fifteenth of Khordad Foundation, which legally are tax-exempt nonprofit organizations that are free of Majlis or presidential control.

In addition, Khamenei has tight control over the Islamic Revolutionary Guard Corps, which has come to have a tremendous economic role. The Revolutionary Guards have exploited their favored political position to win business they otherwise could not have. This problem has worsened under Ahmadinezhad. On June 7, the Ministry of Oil awarded a \$1.3 billion no-bid contract to the Revolutionary Guards to build a pipeline to transport gas across Iran. This contract infuriated private construction companies. It will provide the Revolutionary Guards with an opening to enter the oil and gas sector, a move that would increase their stake in the Iranian economy. This is just one of many examples of how organizations controlled by the supreme leader are cutting the private sector out of business opportunities; indeed, it seems to some businessmen that Khamenei does not tolerate private enterprise participation in large economic projects.

In July 2006, Khamenei ordered the three branches of government to cede 80 percent of the shares of major state-owned enterprises to the people. Khamenei said, "By putting into practice the action plan, the government's role will undergo a shift from direct involvement in ownership and running the large companies to supervisory and guidance of different sectors of economy to meet the regulations of the World Trade Organization (WTO) gradually." That may seem like a positive step toward a free-market economy. However, economic experts believe that Khamenei's privatization plan is no such thing. In fact, privatization may end up ceding state-owned enterprises to the bonyads. Or it could follow the pattern of privatization at the end of the Iran-Iraq War, when shares in state-owned firms were sold via the Tehran Stock Exchange to the state-owned banks. The result of that privatization was simply to put the nominally private firms beyond parliamentary or presidential supervision. It is entirely possible that the privatization end up enlarging the supreme leader's economic empire. Indeed, there are suggestions that Khamenei's recent order was specifically aimed at annexing government properties into the sphere he personally controls.

On December 15, elections will take place for the Assembly of Experts, which chooses the supreme leader and can dismiss him if he does not satisfy his duties. In theory, this election would provide an opportunity to satisfy the popular desperation to launch political change. But many analysts believe that this election, like other elections in the Islamic Republic, will not be fair and free. Nevertheless, it provides an opportunity for critics of the Iranian regime—at home and abroad—to highlight the dictatorial nature of Iranian political system

## Conclusion

It would seem that the Ahmadinezhad administration wants to transform the Islamic Republic into a totalitarian regime that leaves no part of the private sector or public sphere beyond its control. In addition to the economic measures cited here, Ahmadinezhad has stepped up government controls in the cultural sphere, including over literature and art. For instance, in August, the Ministry of Culture and Islamic Guidance announced that no gallery is allowed to display painting without first applying for permission for each individual painting. Furthering his fundamentalist agenda, on September 5 Ahmadinezhad urged students to push for a purge of liberal and secular

university teachers. He called on students to pressure his administration to keep driving out moderate instructors, a process he announced had begun earlier this year. This would pave the way for the aggressive suppression of freedom of expression and liberal democratic ideals in all educational institutions

If totalitarian policies are systematically implemented, Iran's economic resources could be used more methodically to support an increasingly aggressive approach to internal policy and a more hostile position toward international diplomacy.

Ahmadinezhad's victory in last year's presidential election has had the effect of increasing Khamenei's power. By contrast, had the presidential election been won by better known candidates such as Ali Akbar Hashemi Rafsanjani, the influential head of the Expediency Council, or Mehdi Karrubi, the former Majlis speaker, Khamenei would have had to contend with a strong alternative power center. This suggests that Khamenei had every reason to intervene in the election process to ensure the victory of a politically unknown figure such as Ahmadinezhad.

Mehdi Khalaji is a visiting fellow at The Washington Institute. ❖

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