

## Revolutionary Surge and Quiet Demise of Islamic Economics in Iran

Sohrab Behdad  
Denison University  
[behdad@denison.edu](mailto:behdad@denison.edu)

[Editor's Note: This preliminary draft served as the basis for Professor Behdad's Oct. 4, 2005, talk at UCLA, sponsored by the Center for Near Eastern Studies. It is published here with his permission.]

In the June 2005 presidential elections neither the populist-fundamentalist winning candidate, Mahmud Ahmadinejad, nor any of his reformist or conservative opponents said a word about *eqtesad-e Eslami* (meaning both Islamic economics and economy). The term, once a revolutionary shibboleth, is indubitably absent in all official documents and the media. It disappeared from Iranian political discourse about fifteen years ago, soon after the death of Ayatullah Khomeini in June 1989 and before the first visit of the IMF mission to the Islamic Republic in June 1990. There is no sign of Islamization of the economy other than the hejab of women workers, and a thriving market for women robes (manteau) and scarves. Islamic economics appeared as a rainbow on the revolutionary horizon and disappeared soon after the revolutionary heat dissipated. No one seems apologetic either for promoting it, or neglecting it. Islamic economics is dead and forgotten in the Islamic Republic.

Where did Islamic economics in Iran come from and why did it disappear so briskly and unceremoniously? To respond to these questions we need to examine the intellectual genealogy of Islamic economics in Iran, as well as the fundamental elements of this disputed utopia.

### Genealogy of Islamic Economics in Iran<sup>1</sup>

---

<sup>1</sup> For expanded analysis of epistemological and methodological issues in Islamic economics see by this author, "Islam, Revivalism and Public Policy," in *Islam and Public Policy*, JAI Press,

By the mid-20<sup>th</sup> century Iranian intellectual discourse had become ubiquitously secular. Not only scientific and technological explorations, but also artistic and literary production, as well as social scientific inquiries were dominantly secular in character. In the pre-revolutionary years, the two most successful proponents of Islamism in Iran, Ali Shariati and Ayatullah Khomeini, expressed angry criticism against the religious establishment for becoming socially irrelevant and intellectually infertile. Ali Shariati, himself, who promoted Islamic Protestantism and Islamic socialism, engaged in an existentialist, materialist discourse. Not surprisingly, he was loathed, repudiated and even condemned as a heretic by the Islamic establishment, while he was recruiting large groups of young urban intellectuals into Islamic activism.<sup>2</sup> Others, who objected to the “rapid and thoughtless” Westernization of Iranian society in the 1960s and 1970s, and promoted a return to self (*bazgasht beh khish*), even if they were religious, they were secular in their discourse and did not come close to prescribing an Islamic order, much less an Islamic economic order.<sup>3</sup>

---

1997; “A Disputed Utopia: Islamic Economics in Revolutionary Iran,” in *Comparative Studies in Society and History*, October 1994, and “Property Rights in Islamic Economic Thought: A Critical; Perspective.” in *Review of Social Economy*, Summer 1989. For an analysis of economic policies see “From Populism to Economic Liberalism: The Iranian Predicament,” in Parvin Alizadeh, ed., *The Economy of Iran: The Dilemmas of an Islamic State* (London: I.B. Tauris, 2001) and Farhad Nomani, *Sohrab Behdad Workers, Peasant and Bureaucrats: Class Nature of the Iranian Work Force* (Syracuse University Press: 2006, forthcoming).

<sup>2</sup> An elaborate denunciation of Shariati is Ali Abolhasani (Monzer), *Shahid Mutahhari* (Qum: Entesharat-e Eslami, 1983).

<sup>3</sup> For a review of nativist intellectuals in the pre-revolutionary Iran see, Mehrzad Boroujerdi, *Iranian Intellectuals and the West*, Syracuse: Syracuse University Press.

*The Pre-Revolutionary visions of an Islamic Economy*

The earliest vision for an Islamic order, and an Islamic economy in contemporary Iran was *The Revolutionary Program of Fada'ian-e Islam* (1950) by Mojtaba Navvab-Safavi. This was an unimaginative blue print for an Islamic utopia. It was an eclectic combination of a simplistic notion of Islamic theology and ethics and a pedestrian vision of the Iranian society in the 1940s.<sup>4</sup> This pamphlet was banned after execution of Navvab-Safavi and his lieutenants in January 1956. Yet, in the post revolutionary years, in spite of high praises for Navvab-Safavi, as a vanguard of Islamic revolution, his *Revolutionary Program* remained inaccessible. Navvab Safavi's social analysis was not, after all, deemed appropriate by the guardians of Islamic discourse in the Islamic Republic.

The other trace of Islamic economics in pre-revolutionary Iran is Seyyed Mahmud Taleqani's *Islam and Ownership*, first published in 1951 (third, revised edition, 1965). Taleqani's work, true to its title, is a treatise on the limits of ownership in Islam. His thesis is that if social welfare criteria of Islam were observed, ownership would be limited and many economic ills of society would disappear. In the prevailing circumstances, he argued, limitless ownership and misuses of property had led to "unharmonious", "unbridled", and "oppressive" capitalism. Taleqani, who spent some years in Shah's prison, became the mentor and source of guidance for the Islamic left (including the Organization of Mujahedin Khalq). He was honored by his followers with the title of Abu Dharr of the Age, for his sympathetic view toward the poor and his condemnation of the wealth and arrogance. Yet Taleqani never claimed proposing a new

---

<sup>4</sup>. Sohrab Behdad, "Islamic Utopia in Pre-Tevolutionary Iran: Navvab Safavi and the Fada'ian-e Eslam," *Middle Eastern Studies*, January 1997.

economic paradigm, or an economic order. From his perspective, implementation of the compassionate, socially responsible Islamic precepts would lead to a harmonious, restrained and non-oppressive capitalist economy.

It is rather peculiar that while the secular intelligentsia was adequately informed about, and deeply influenced by, the prevailing paradigms at the global level about the dynamics of economic development, the Iranian Islamist intelligentsia was effectively disconnected from the theoretical discourse on the same subject in the Islamist world. In the 1960s and 1970s, the neoclassical literature on theories of development were abundantly available in the university textbooks in Iran.<sup>5</sup> At the same time, the economic policy organs of the government were deeply engaged in implementation of the most recent versions of these theories. The theoretical discourse for the secular right (particularly the technocrats) was clearly internationalized.

On the left, the critiques of capitalist class relations, colonialism and imperialism were the subjects of interest. In spite of the heavy handed censorship, many books and articles on these topics were translated into Persian. By the early 1970s, the discourse of the left included a wide spectrum, from Franz Fanon, to Nicos Poulantzas, and the various interpretations of Marxism. The intellectual discourse on the left, too, was internationalized. By the mid-1970s the left was well aware of the dependency theory, which it popularized to the extent that “dependent capitalism” and “dependent capitalists” became the main targets of nearly all revolutionary groups, Marxist, nationalist, or Islamist.

---

<sup>5</sup> For a study of teaching economics in Iran before and after the 1979 revolution see Sohrab Behdad, “Islamization of Economics in Iranian Universities,” *International Journal of Middle Eastern Studies*, May 1995 (an expanded Persian version is available at [www.sohrab-behdad.com](http://www.sohrab-behdad.com) with the title “Enqelab-e Farhangi va Islami Kardan Eqtesad dar Daneshgaha-ye Iran”).)

However, Iranian Islamists showed little awareness about the large body of literature that developed outside of Iran, particularly by Indo-Pakistani Islamists, since early 1940s, specifically about the Islamic economic order (Islamic economics).<sup>6</sup> Most prominent in this literature is the works of Abul Ala Maududi, founder of Jama'at-i Islami, in Pakistan. He presented his outline of an Islamic economic order in 1941, by trying to differentiate Islam from capitalism and socialism.<sup>7</sup> By the mid-1960s Maududi and his work were well-known in the Indian subcontinent. Yet, there is little trace of any attention of Islamist intelligentsia in Iran to the work of Maududi and other Indo-Pakistani proponents of Islamic economics. If Maududi never became relevant in the Islamist circle in Iran, even after the revolution, because of his extreme conservative position, the works of Indo-Pakistani Islamists on the left also remained unnoticed. No one among Iranian Islamists paid any attention to Khalifa Abdul Hakim, Ghulam Ahmad Parwez or Nasir Ahmad Sheikh, whose works were published in 1950s and 1960s and promoted Islamic egalitarianism, similar to the view of Taleqani. Islamic economics was not a part of Islamic discourse in the pre-revolutionary Iran, and when it became, it was deeply influenced by the discourse of the left.

Shariati is an important example. He attempted to synthesize Fanon, Sartre, and Marx in an Islamic epistemological framework to offer a general theory of history and class conflict, and to present Islam as a religion of liberation. This, more than anything

---

<sup>6</sup> See Timur Kuran, "The Genesis of Islamic Economics: A Chapter in Politics of Muslim Identity," *Social Research*, Summer 1997.

<sup>7</sup> Abul Ala Maududi, *The Economic Problem of Man and its Islamic Solution*, (Lahore: Islamic Publication Ltd., 5<sup>th</sup> edition 1978, first edition, 1947, an address given in 1941.) See also his *The Islamic Law and Constitution* (Lahore: Islamic Publication Ltd., 4<sup>th</sup> edition, 1969, first edition, 1955). On Maududi see S. V. Nasr, *Mawdudi and Making of Islamic Revivalism*, (New York: Oxford University Press, 1996).

else, is an expression of the domination of the discourse of the left on the Islamic movement in Iran. It is even more significant that Shariati was quite aware of the sense of inferiority that the Muslim intellectuals felt in confronting the well-developed theoretical frameworks of the secular left. He put forward a new theoretical model, in the context of his Islam of liberation that would be an even match for the Marxist intellectuals of the 1970s Iran. The rapid increase of his popularity among the Muslim intellectuals is a testimony to his success in his theoretical formulation, and the reason for the angry opposition of the religious establishment.

A milestone in development of Islamic economics in Iran was the 1971 publication of volume 1 of the translation of Muhammad Baqir Sadr's, *Iqtisaduna (Our Economics/Economy)*, first published in Arabic in Beirut in 1961). Sadr, a Shi'i mujtahid (jurist) from Iraq, was later executed by the Iraqi government for his support for the Iranian revolution. Sadr, similar to Taleqani, maintains that property rights in Islam are limited. This, he asserts, is in contrast to capitalism and socialism, where one provides unlimited property rights for the individual and the other provides none. He argues that the Islamic limits on private property rights leads to creation of public and state property, which are used for maintaining a "social balance". Sadr's point is that although private charity may mitigate acute economic inequality, yet an Islamic state may not rely solely on individual altruism and must take an active part in eradication of poverty and inequality and maintaining an acceptable "social balance." He believes that everyone in society must benefit from a socially acceptable standard of living, with variations only accounted for by differences in individuals' drive and capacity. Furthermore, he argues, in modern capitalism, with the incredible power of advanced tools of production, state must intervene in the market place to harness the rapid accumulation of wealth and

capital, which will endanger social balance. More explicitly, state must (1) own and operate those enterprises that require a high degree of concentration of capital, since individuals cannot/should not possess such a large mass of capital; and (2) state must be continually engaged in the market to appropriate excessive accumulations. Sadr's vision of an Islamic economy was one in which small farmers, merchants, and craft workers, lived with a large and interventionist state.

This vision of Sadr about the interventionist nature of the Islamic state was based on a very important and controversial interpretation of Islamic jurisprudence. Sadr was of the opinion that Islamic jurisprudential rulings must be made within the relevant socio-historical context with the aim of maintaining the necessary social balance. This implied that what may have been permissible in Muhammad's time (thus not opposed by the Prophet) may not be permissible now. This turned out to be the source of a heated debate in the post-revolutionary Iran between the proponents of "traditional jurisprudence" (fiqh-e sunnati) and "dynamic jurisprudence" (fiqh-e poya).

But Sadr's prescription for an Islamic economic order was too conservative for the pre-revolutionary Islamic activists, influenced by Shariati's Islamic socialism. For Sadr, the ideal Islamic order was in essence more similar to capitalism than socialism. What made Sadr even less attractive to the Islamist intelligentsia was his complete acceptance of neoclassical methodology. In fact Sadr argues that Islam does not have its own economic theory and Islamic policy makers must rely on the "scientific laws of economics" to formulate policies based on Islamic precepts. The critical view of the pre-revolutionary intelligentsia toward these view points were to the extent that even Musavi-Bujnardi, the Persian translator of volume 1, finds it necessary, in several places in the book, to object to Sadr's opinion.

In the pre-revolutionary years, Sadr's book did not make a deep impression on the Islamist intelligentsia and political activists, who were by this time mainly the followers of Shariati and his radical approach to social change and religious reformation. Yet Sadr's ideas about an Islamic economic order became highly influential in the post-revolutionary period, when construction of an Islamic economy became one of the principal projects of the Islamic Republic.

### *Revolutionary Plans for an Islamic Economy*

As the tempo of opposition movement to the Shah continued to rise in 1977 and 1978, Islamic economics entered the Iranian intellectual discourse. Shariati died in 1977, but his Islamic socialism, was the dominant paradigm held by Islamist activists, particularly the Organization of Mujahidin Khalq (Mujahedin). To Shariati, private ownership was the cause of all social problem and a negation of social values, therefore, Islamic liberation must be accompanied by the rejection of private property and the struggle toward establishing a *monotheistic classless society*. Mujahedin, too, believed that a monotheistic society is a classless one. The affinity of Shariati and the Mujahedin methodology and conclusions with those of Marxists was unsettling for some Islamists.

In 1978 Abulhasan Banisadr's *Eqtesad-e Tawhidi (Monotheistic Economics)* was published abroad and entered Iran just a few weeks before the February revolution. This was the first explicit attempt to present an analysis of Islamic economics in Iran. To Banisadr, who became the first Iranian president, domination and coercion are the sources of concentration and accumulation, and monotheistic economics seeks to resolve the contradiction between human and power. In his ideal Islamic society, ownership of capital would not be concentrated, and labor would be the source of earnings of individuals. This implies that everyone would be the owner of their own means of

production. Banisadr's Proudhunian utopia is completed with his outright rejection of the state as the most important source of domination and coercion. He even quotes Proudhon's statement, "giving the state the right of ownership is to say 'Long Live the Police!'" To Banisadr, scarcity should not be the concern of economics. If it were not for the concentration of ownership, everyone would live in a world of abundance. In his Islamic utopia "there would be nothing but friendship and unity, to the extent that one would be free to take whatever one needs from anyone else." There would be a world of abundance, no national borders and no coercion, knowledge will rule and no one will remain ignorant. We will get there in twelve generations!

Banisadr's Proudhonian utopia was just the right prescription for the populist Islamic movement that was taking shape. It responded to many of the popular demands while rejecting the radical socialist prescription of Shariati, Mujahedin and the Marxists. It negated the authoritarian rule of the Shah. It rejected imperialist domination without embracing the Marxist conceptualization of imperialism. It promised the liberation of workers from "domination of capital" by negating concentration and providing ownership of means of production for all. Banisadr's personal campaign in the early weeks of the revolution, elaborating his ideas in large mass meetings, and on television, made his *Monotheistic Economics* one of the most famous books of the time (but not read to the same extent because of his ambiguous and convoluted prose.) *Monotheistic Economics* appeared as the appropriate complement of Khomeini's *Islamic Government (Hukumat-e Eslami-1971)*.

But the radical Islamists, who managed to read *Monotheistic Economics*, could not find much, either from the theoretical or Islamic perspective. The work of Islamic economics that captured the imagination of the faction of radical Islamists, who were not comfortable with the apparent, or alleged materialism of Shariati, or the Mujahedin, was

a treatise by Habibullah Peyman, written under the pen name of Paydar. *Some Interpretations of Property Rights, Capital and Labor from Islamic Perspective* was published in 1979 and quickly brought a considerable group of followers for Peyman (the Ommat Group, named after his newspaper). Peyman argued since all things belong to God, everyone has the right to have access to natural resources (people's ownership) and no one can have any more of the fruits of nature than one needs. Moreover, since tools are products of advances in human knowledge and civilization, and since they are inseparable parts of the labor process, and everyone has the right to be engaged in productive activities, everyone has the right to own tools of production. In his view capital accumulation is the result of exploitation and leads to further exploitation when the workers who do not possess means of production find it necessary to offer their labor for hire. Thus, capitalists appropriate "surplus value" from wage laborers. All this by textual exegesis of the Quran and the *hadith*. Peyman's conception of the Islamic utopia is Sismondian as he proposes a world of small producers all owning their own capital, while leaving for the state the ownership of enterprises that must operate at a large scale, only if cooperatives of workers cannot carry on the task.

Peyman and his views on Islamic economics became highly influential in the first post-revolutionary decade. He provided the theoretical means for mobilizing the radical Islamists within the Islamic Republic, especially after suppression of Mujahedin in the summer of 1981. The radical faction within the Islamic Republic known as "the followers of Imam's path" were mostly influenced by Peyman's views.

### **The (de)Construction of a Utopia**

The Iranian Revolution was peculiar in many ways. One peculiarity was that a revolution had become victorious without any clear vision in its leadership about the

course of economic reconstruction that it would pursue, except that it would be Islamic. The turmoil resulting from absence of a policy framework was only accentuated by the economic crisis that is followed by a revolution. The revolution had jeopardized the security of capital and eroded the sanctity of private property rights. Many large capitalists had fled the country, the newly formed workers councils were taking over large enterprises, and peasants were taking over land holdings. Radical groups outside the newly formed state were mobilizing the workers and the peasants in their takeover forays. Islamic political organizations and some organs of the government, for ideological or tactical reasons, in competition with their non-Islamist rivals, pursued a similar mobilization effort. Nationalization of enterprises became the order of the day, under public pressure as well as an inevitable alternative in absence of the owners, who had left their enterprises behind and in debt.

Meanwhile new constitution was put into effect, declaring the revolution as “the triumph of all oppressed and deprived persons over the oppressor,” condemning “concentration and accumulation of wealth and maximization of profit,” and diminishing the place of the private sector in the economy as a residual that will supplement the state and the cooperative sectors. In the days following the victory of the revolution Ayatullah Khomeini had declared that “even if we assume someone has legitimate properties but the Islamic judge or *vali-ye faqih* realizes that an individual having so much will adversely affect the welfare of Muslims, he can expropriate those properties.”<sup>8</sup> It was declared, over and over, that the rule of *mustaz’afin* (the oppressed) will be established. Land will be distributed. The poor will receive housing, free electricity, no-interest loans, and even dowry for their daughters, and free pilgrimages to the holy cities! The blue print seems to have been a combination of Sadr’s and Peyman’s. In fact, for

---

<sup>8</sup> [Ruhullah Khomeini], , vol.III (Fall/Winter 1979/80), (Tehran: Payam-i Azadi, 1982), p. 10.

months, Ali Akbar Hashemi Rafsanjani, then the Speaker of the Majlis, gave sermons in Tehran Friday prayers on social justice, summarizing Sadr's views about social balance. This irritated the merchants of Tehran Bazaar, who distributed his picture wearing a red turban, following his trip to North Korea.

But the opposition to establishing the rule of *mustaz'afin* was deeper than the irritation of the bazaaris over the Friday sermons of Rafsanjani. The opposition to establishing this new order was expressed openly by the senior clergy of Iran (Sources of Imitations- *Maraje'-e Taqlid*). In an attempt to transform the inevitable jurisprudential face off between the conservative sources of Imitation and himself, Ayatullah Khomeini, in a Machiavellian move, packed the Council of Guardians with the clerics who represented the opposition. This brought the conflict into the arena of political negotiation, between a populist Majlis and a conservative Council of the Guardians. This move, ironically internalized within the Islamic Republic the conflict over the direction of social change in the post revolutionary years. When the conflict between the Majlis and the Council of Guardians remained unresolved, on occasions Ayatullah Khomeini supported this or the other side to strike out a balance between the two groups. When this state of affair continued a new body, Council of Expediency, was formed to resolve the problem (e.g. passage of a controversial Labor Law). Meanwhile, thanks to a substantial flow oil revenues, the Islamic Republic was able to mitigate the most acute manifestations of the economic crisis, by reliance on extensive control of the market and extending a relatively generous system of subsidies.

While opposition toward the interventionist, statist economic policy of the Islamic Republic by various interest groups was being solidified in the political arena, these policies came under attack in the intellectual arena as well. Islamic Economics of the

Mudarresin of Qum seminaries was the theoretical expression of this opposition toward the on going search for a populist utopia in the Islamic Republic. The effort was headed by Muhammad Taqi Misbah Yazdi, in the Mu'asseseh-yi Rah-i Haq (the Institute for the Just Path), in cooperation with a limited number of secular economists. Their publication, *An Introduction to Islamic Economics (Daramadi Bar Eqtesad-e Eslami, 1984)* was a conservative manifesto in rejection of the utopian interpretation of Islamic economics. The Mudarresin argued that social welfare is optimized in the context of social conflict resulting from “unlimited wants-limited resources’ dichotomy”. Thus, to prevent social disorder property rights must be firmly established in society. To clearly (but indirectly) reject the views about limits on property rights by the Mujahedin, Shariati, Payman and Banisadr, they emphasized the exclusionary nature of property rights. In this way, the Mudarresin accepted the least restrictive jurisprudential interpretation of the limits on property rights in Islam. To them, there is no justification on limiting the ownership of the “fruits of nature.”

In Mudarresin’s view, economic growth takes precedence over equity, and the activity of those with more means should not be limited just to maintain equity, or “social balance”. They, in principle, accept the trickle down notion of economic growth and do not find inequality harmful to society. The Mudarresin underscore that Islam’s praise for labor is not only directed to laborers, but toward “effort” in general. Therefore, entrepreneurs are just as blessed as (if not more than) those who work with the sweat of their brow. To them wage labor is legitimate and there is no exploitation of workers as long as the workers receive fair wages, which to them is market wages.

This treaties, is a clear rejection of the interpretations of Islamic economics expressed by the group of Islamist intellectuals deeply influenced by the revolutionary fervor and the Marxist paradigm. Methodologically, two points are quite interesting

about their version of Islamic economics. First, it is outright neoclassical, not only in selection of categories, but also in their fundamental axioms and method of analysis. Second, there is no connection or even reference in this treatise to the works of other conservative Islamic economists, particularly Maududi and the so-called King Abdul Aziz school of Islamic Economics.<sup>9</sup> By the Mid-1980s, after much debate about Islamic economics, it is doubtful that the Mudarresin were unaware of the existence of such a vast literature.

Both the populist utopian interpretation of Islamic economics, and its conservative counterpart were deeply influenced by the opposing paradigms in the West, and not the Islamic world.

### **Where Did the Rule of Mustaz'afin Go?**

The war with Iraq, economic sanction, and above all, the decline in oil revenues of Iran in 1985 and 1986 brought the utopian project in construction of an Islamic economic order to a dead end. In nearly a decade of social turmoil, war, and ad hoc policy making, the productive capacity of the economy had dwindled. By 1988, GNP per capita had declined by one half of that in 1977. The state had tried to prevent a corresponding decline in the level of consumption and standard of living by relying on a system of subsidies, and extensive control over the economy. The result was a sharp decline in investment, development of black markets throughout the economy, formation of monopolies, and an extensive network of rent seeking activities. The only manifestation of Islamization of the market was the replacement of interest rates with an

---

<sup>9</sup> The justification for this name is that a large body of literature on conservative Islamic economics is published by the International Center for Research in Islamic Economics of King Abdul Aziz University through The Islamic Foundation of Leicester, UK, under the editorial supervision of Khurshid Ahmad, a well-known follower of Maudidi.

elaborate system of fees, awards, lottery and “guaranteed profit” in the state banking system. After a decade, there was little to show for Islamic economics in the Iranian society. Islamic economics had obviously failed, the project of economic liberalization, with all its bells and whistles, began.

The liberalization project began in 1990 and came to full force in 1993. It included the usual policy items: unification and liberalization of foreign exchange system, decontrolling of prices, elimination of subsidies, and privatization and reduction of government services. The logic of a liberalization policy is that by elimination of state control over the economy, scarce resources would be allocated by the forces of the market. The highest bidders (presumably the most productive enterprises) would receive the resources. Those who cannot match the higher bids would leave the market empty handed. The more productive (profitable) industries will expand, and the less productive ones will contract. Elimination of subsidies and decontrolling of prices would make market prices a true measure of the scarcity of the product, or of their real cost to society. Obviously prices would increase, and if wages do not increase at the same pace, real wages decline. This would shift the functional distribution of income in favor of profit, thus increasing the means for investment. This in turn will lead to economic growth, more employment and better standards of living. This is a happy ending story, if everything goes well, which often does not. It can hardly work in a society that has been promised the rule of *mustaz'afin* in its revolution and a decade of post-revolutionary campaign. It would be the *mustaz'afin*, the wage earners and the other less privileged social groups who would carry the burden of the liberalization policy, losing their subsidies and government services, which will be reduced along with their purchasing power. The flip side of the story is the increase in concentration of capital, which the

revolutionary Islamic economics, and even the Constitution, declared as a degenerative social process.

By 1994, public opposition to the liberalization policy forced Hashemi-Rafsanjani to retreat. By 1995 the liberalization policy was put aside. In 1997, Muhammad Khatami became the president in a landslide victory won on his campaign for cultural and political liberalization. He won a second term in 2001 on the same platform. Neither Islamic economics, nor economic liberalization was in his political vocabulary or on his agenda. He pursued the zig-zag policy of economic liberalization that Hashemi-Rafsanjani had begun, i.e., push where you can, retreat when confronted with opposition. The high international price of petroleum was the blessing that Khatami enjoyed for the most of his presidency. Yet in the 2005 presidential election, the poor performance of the economy and adverse effect of the pattern of economic development on the less privileged segments of the society brought the economic issue to the forefront of the political discourse. Hashemi-Rafsanjani, once again a candidate for presidency, known as the architect of the liberalization policy and the current path of economic development, received a resounding rejection, even the the opponent was recognized by many as politically and culturally as ultra conservative. The new president, Ahmadinejad, promised opportunities for the poor, by waging a war on corruption and nepotism. (It is ironic that he was most clearly supported by the Islamic Foundations and the Revolutionary Guards, both being known as the pillars of corruption and nepotism in the Iranian economy.) Yet, Ahmadinejad was careful not to invoke Islamic economics, or the rule of the mustaz'afin as a part of his agenda. So far, there has been no particular signs about Ahmadinejad's economic policies being a departure from those of the previous decade. The future is unclear, but it is certain that Islamic economics is not on the Iranian horizon. Islamic economic in Iran is associated with "the rule of

mustaz'afin.” The leaders of the Islamic Republic and policy makers, in their search for finding the path of least resistance, have no interest in promoting “Islamic economics”. The mustaz'afin, themselves, have also found the Islamic jurisprudential context of Islamic economics too burdensome and ineffective for expressing their demands. They prefer to engage in a secular discourse. The debates around the Islamic Republic's attempt to weaken the Labor Law is a clear example. No one seems interested in Islamic economics. Islamic economics is dead in Iran. *Enna lellah wa enna 'eleyhe raja'on!*