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**Oil, Politics, Society and the State in the Middle East: Enduring Authoritarianism in Iran
and Saudi Arabia**

A Thesis

Presented in

Fulfillment of the

Requirements for the Degree of

Master of Arts

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BY

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Chapter 1: Introduction

The recent and ongoing developments in the Middle East¹, deemed the “Arab Spring,” have highlighted the fact that the region is mostly ruled by autocratic governments, which has largely been the case ever since the end of World War II.² Certainly, other countries in the world such as North Korea are autocratic, but according to Posusney (2005), the “density” with which authoritarianism exists in the Middle East sets it apart from the rest of the world.³ With the fall of the Soviet Union and the end of the Cold War in the early 1990s, the general consensus among many observers⁴ was that the Middle East would embrace democracy as what had been occurring throughout the world during the “Third Wave” of democratization.⁵ However, the Middle East did not follow this trend and this led to the beginning of what would become a new topic in studies of the region: the persistence of authoritarianism in the Middle East.

For some scholars, like Samuel Huntington, the persistence of authoritarianism was evidence that the region was exceptional—that there was something inherent and particular about it that prevented democratization, namely, Middle Eastern culture or more specifically, Islam. Others⁶ attribute the persistence of authoritarianism to the argument of the rentier state theory. It is described in greater detail in the following chapter, but to briefly note here, its main assertion is that states can rule through redistributing wealth throughout their societies. According to the theory’s proponents, in terms of the Middle East, oil revenue (and other sources of income) is

¹ I define the Middle East as the area stretching from North Africa to Iran.

² It is impossible to ignore the current developments in the region. At the time of this writing (March 2012), the “Arab Spring” is ongoing in the Middle East. The Tunisian, Egyptian and Libyan governments have fallen, yet the democratic outcomes in those countries and in others remains to be seen.

³ Posusney, “The Middle East’s Democracy Deficit,” 2.

⁴ Anderson, 189.

⁵ As defined by Samuel Huntington three ‘waves’ of democratization (transitions to democracy) have occurred in history, the last of which is still occurring. The first took place in Europe and North America in the 1880s. The second began after the WWII and ended in the early 1970s. The third wave began in the mid 1970s in Latin America and in eastern European countries formerly controlled by the Soviet Union. [Huntington, Samuel. *The Third Wave: Democratization in the Late Twentieth Century*. Norman: Univ. Oklahoma Press, 1993].

⁶ See: Ross, Michael; and Karl, Terry L.

this ‘wealth’ and they contend that its redistribution enables authoritarian regimes in the region to remain in power. Advocates of this view reached this conclusion after analyzing the impact of oil wealth on the state and society. In other words, they examined the relationship between oil, politics, society and the state.

The purpose of this thesis is to investigate these relationships in two country case studies: Iran and Saudi Arabia. It will reexamine the conventional wisdom about oil’s effect on state and society held by the rentier state theory and offer new insights about the causes of authoritarianism in the Middle East. While oil wealth has unquestionably played an important role in the region’s history, it by itself does not create or sustain authoritarian governments. The rentier state theory is problematic because it asserts that oil wealth overrides other causal contributing factors. This thesis challenges this assumption and argues that oil is one of several other, arguably more consequential, factors that account for the persistence of authoritarianism in the Middle East.

The in-depth examination of Iran and Saudi Arabia will reveal that authoritarianism in the region can be attributed to geopolitical contexts, specific political processes and socio-economic conditions in addition to oil. As such, the following chapters examine both the external and internal dynamics of the country case studies. In terms of the former, the Cold War context and the role that oil played will be analyzed. In terms of the latter, the domestic contexts of these countries will also be assessed. This is important because doing so will reveal Iran and Saudi Arabia’s political structures and socio-economic conditions—factors that have contributed to these regimes’ survival.

Much of the literature on the topic of authoritarianism in the Middle East touch on and often discuss in detail the role of international relations and actors in the region. Given the

considerable amount of foreign interaction and penetration into the Middle East during the twentieth-century, such discussions inevitably delve into the past and analyze the effects of external (Western or others) actors on domestic affairs. When one thinks of the foreign interventionism in the Middle East during the previous century, the natural resource, oil, usually comes to mind. Access to oil was a major economic and geostrategic concern for Western powers, Russia and others especially after World War II. Many scholars contend that Western, particularly American, support of authoritarian governments, in return for access to oil and other strategic considerations, has directly prevented democratization in the region.⁷

I chose Iran and Saudi Arabia as case studies for several reasons. Both are considered prominent examples as rentier states in that they depend heavily on oil revenues.⁸ Saudi Arabian oil, which amounts to approximately 25% of the world oil reserves, is vital for the world economy.⁹ Its oil revenues, for example, help fund its health care, education system and other social services. Iran possesses the world's third largest oil reserves as well as the second largest natural oil reserves in the world.¹⁰ Like Saudi Arabia, Iran has used its oil revenues to fund social, economic, and industrial development programs. Saudi Arabian and Iranian oil thus make both countries economically and geopolitically important for the Middle East and the rest of the world. Additionally, the United States has a significant American military presence in Saudi Arabia. From Saudi Arabia's point of view, this serves as protection against regional rivals, and for the United States, it protects American access to oil. There is no such American presence in or even formal diplomatic relations with Iran.

⁷ Posusney, 17.

⁸ The theory of the rentier state originated in an essay written by Iranian economist Hussein Mahdavy, where he analyzed the Iranian economy during the 1950s and 1960s. See Mahdavy, Hussein. "The Patterns and Problems of Economic Development in Rentier States: The Case of Iran," in M.A. Cook, ed., *Studies in Economic History of the Middle East* (London: Oxford University Press, 1970).

⁹ Niblock, 1-2.

¹⁰ U.S. Energy Information Administration, "Iran: Overview/Data," <http://www.eia.gov/countries/country-data.cfm?fips=IR> [accessed May 29, 2011].

There are key differences between Iran and Saudi Arabia. As the country where the two most holy sites of Islam are located, Saudi Arabia possesses a high level of political and religious authority in the region.¹¹ Since Iran is a majority Shi'a Muslim country, it has influence over other areas in the Middle East, such as Iraq, where large numbers of Shi'a live. Additionally, foreign relations with the rest of the world, particularly the West, tend to be different. For example, Saudi Arabia and the United States are close military and economic allies, whereas the United States views Iran with suspicion, especially with its alleged nuclear weapons program. The last difference, of which there are many others, mentioned here is that the Saudi Arabian government is a monarchy, whereas the Iranian government is an Islamic Republic, in that it is both republican and theocratic. These different political structures are important variables in the discussions of the following chapters.

It would be impossible to discuss and analyze the entire history of both countries during the 20th century, so this thesis focuses on the time period beginning in 1973 to the present day. 1973 is an important year because oil revenues significantly increased as a consequence of the October War, also known as the Yom Kippur War, between Israel and the coalition of Arab nations (Syria, Iraq and Jordan) led by Egypt.¹² OPEC (the Organization of Arab Exporting Countries) decided to reduce oil production in retaliation for American arms supply to Israel during the war and some member countries increased oil prices by significant margins.¹³ This resulted in the 1973-1974 Oil Crisis and the subsequent oil boom that lasted until the early 1980s. International oil prices quadrupled. Iran's oil revenues increased from \$5 billion in

¹¹ Niblock, 6.

¹² The coalition aimed to recapture lands taken by Israel during the 1967 War, also known as the Six Day War. During those six days in June of that year, the Israeli captured the Sinai Peninsula, the Golan Heights, East Jerusalem, and the West Bank.

¹³ Goldschmidt, 339.

1973-1974 to \$20 billion in 1975-1976.¹⁴ The boom altered the Saudi Arabian state and its relationship with society. The state shifted from a modernizing, redistributive and administrative state, one that required the knowledge and expertise to run a national economy, towards a mainly distributive state, one that allocated oil revenue to subsidies in real estate, agriculture and industry; the state bureaucracy increased in size as well.¹⁵ In short, 1973 is an appropriate starting point not only for its significance, but also that, as the rentier state theory would predict, the “rentier qualities” of both Iran and Saudi Arabia intensified during the following years.

This thesis consists of five chapters, including this introduction. Chapter II is the theoretical overview of the literature that addresses authoritarianism in the Middle East. This chapter discusses in detail the arguments about the persistence of authoritarianism in the Middle East and also introduces theoretical arguments that challenge the rentier state theory. Chapters III and IV examine Iran and Saudi Arabia, respectively. An historical overview up to 1973 begins each of these two chapters, which is then followed by the main analytical portion of the chapters. Both chapters examine the historical and domestic contexts of their respective countries. Additionally, a discussion about the Arab Spring is at the end of each of these two chapters. Finally, Chapter V is the Conclusion and it also addresses the Arab Spring.

¹⁴ Abrahamian, 124.

¹⁵ Menoret, 107.

Chapter II: Authoritarianism in the Middle East – A Theoretical Overview

A. Literature Review

The question is often asked, why does the Middle East remain largely authoritarian? Or, as it is sometimes posed, why does it continue to experience a democratic deficit (notwithstanding the ongoing developments in the region)? As discussed in the introduction, various scholars have put forward several competing theories and arguments regarding this topic. These tend to fall under four main categories: culture, institutions, the history of international relations and actors in the Middle East, and oil/rentier state.

Scholars such as Samuel Huntington and Elie Kedourie, contend that the lack of democracy in the region stems from the belief that Middle Eastern culture, which they equate with Islam (the reasons for this are discussed in further detail below), is incompatible with democracy. Huntington made this argument in his well-known 1993 *Foreign Affairs* article, “The Clash of Civilizations?”¹⁶ A decade earlier, he asserted that “Islam has not been hospitable to democracy.”¹⁷ Huntington and other proponents of this view generally argue that Islam’s incompatibility with democracy stems from its system of law, known as *Shari’a*. *Shari’a* law lays out the rules and regulations by which Muslims ought to live and links religion and daily life together. Thus, the argument contends, Islamic traditions and values are antithetical to democratic notions of liberty, human rights, and the separation of church and state. According to Elie Kedourie, whereas democracy in the West is based on Western political traditions of constitutions and representational governments, as well as the notion of a sovereign nation state,

¹⁶ Huntington, Samuel P. “The Clash of Civilizations? *Foreign Affairs* 72, no. 3 (Summer, 1993): 22–49.

¹⁷ Huntington, Samuel P., 208. “Will Countries Become More Democratic?” *Political Science Quarterly*, 99, no. 82 (Summer 1984): 193–218.

no equivalent traditions exist within Islam.¹⁸ As a result, Kedourie asserts, democracy is “quite alien to the mindset of Islam.”¹⁹

Princeton professor Bernard Lewis discusses the culture argument further.²⁰ Although he does not specifically address the issue of the persistence of authoritarianism, Lewis holds essentially the same conclusion. He argues that the roots of Western dominance (or, more bluntly, Middle Eastern failure to counter it) are found within Islam. Historically speaking, particularly during the last century or so of the Ottoman Empire, Lewis contends, Islamic beliefs hindered Muslims from fully adopting and assimilating Western cultural norms and values, political practices, and science. Consequently, for a long time the Middle East was slow to “modernize” or “Westernize” and match the progress made by the West; large gaps between the Middle East and the West existed in terms of scientific knowledge, social norms like the status of women, and the separation of religion and the state. When attempts at nationalism and socialism in the 20th century failed to bring about a significant resurgence of Middle Eastern “civilization,” Middle Easterners placed the blame for this elsewhere, particularly towards Western “imperialism.”²¹ Instead, Lewis states that people of the Middle East need to “abandon grievance and victimhood” in order for the region to return its former glory.²²

All of these arguments are rooted in what Edward Said called “Orientalism.” According to Said, Orientalism is the name for the discourse employed by Europeans and later, Americans, to describe, study, and dominate the Middle East.²³ There is not sufficient space nor is it appropriate for this thesis to discuss Orientalism in its entirety here. However, one important

¹⁸ Kedourie, 3.

¹⁹ 1.

²⁰ Lewis, Bernard. *What Went Wrong: The Clash Between Islam and Modernity in the Middle East*. New York: Oxford University Press, 2002.

²¹ 153.

²² 160.

²³ Said, Edward. *Orientalism*. New York: Vintage Books, 1979.

aspect of it pertains to the culture argument discussed above: the notion of the “other.” The “other” is as an imagined, collective group of people who ought to be feared and considered fundamentally different from another group. In the Orientalist discourse, the West has historically viewed the Orient²⁴ as the collective “other;” the Orient was a place of exoticism, romance and antiquity, whereas Europe was the place of enlightened, advanced and sophisticated civilization.

In its construction of the notion of the “other,” the discourse regarded the entire Middle East as one unchanging entity, retaining an essential “essence.” Orientalists regarded the religion of Islam as having such an immutable essence and subsequently equated Middle Eastern culture with Islam. When it became clear to scholars that democracy would not spread to the Middle East after the Cold War as it did in other parts of the world, they began to look towards Middle Eastern culture, and hence Islam, as the primary reason for the lack of democracy in the region. Huntington’s “clash of civilizations” thesis reinforced the notion that culture, rather than nation states, ought to be the main focus of study in the field of international studies.²⁵

Other scholars have presented factual data to support the notion of the Islam/democracy divide. In a 2002 paper, Steven Fish argues through statistical analysis that a strong link exists between Islam and authoritarianism.²⁶ Specifically, he contends, the subordination of women in Muslim societies is a central factor that accounts for the democratic deficit. According to Fish, variables, such as low female literacy rates, high population sex ratios (a high number of males per 100 females), the lower number of women in government, and weak gender empowerment

²⁴ The ‘Orient’ referred to not only the Middle East but also the entire Asian continent and North Africa.

²⁵ Huntington, Samuel. “The Clash of Civilizations?,” *Foreign Affairs*, Vol. 72, No. 3 (Summer, 1993): pp. 22-49. In his article, Huntington sees the world divided into several distinct and separate “civilizations,” which include Western, Latin-American and Islamic civilizations. Nation states would continue to be the main actors in world affairs but conflict would arise “between nations and [these] groups of different civilizations”

²⁶ Fish, Steven. “Islam and Authoritarianism,” *World Politics* 55 (October 2002): 4-37.

measures (a variable used by the United Nations Development Program studies to measure the overall status of women in a given society), indicate an overall inferior status of women in Muslim societies. Thus, women's social standing serves as an important factor that links authoritarianism and Islam.

However, most Middle East political scientists and scholars rejected the idea that culture had anything to do with the persistence of authoritarianism in the region.²⁷ As Lisa Anderson states, scholars asserted that Islam was not a monolithic entity; its history demonstrated it to be as tolerant and accommodating like Judaism and Christianity.²⁸ She points out that followers of Islam and other religions in general have interpreted them in different ways. Furthermore, according to John L. Esposito, all religions, including Islam, have had various relations with different kinds of governments, such as sultanates, democracy, republicanism and monarchy.²⁹ This evidence indicates that Islam is much like other faiths in that it is capable of existing alongside different kinds of governments at different times. Therefore, it is inaccurate to argue that Islam is incompatible with democracy or any other form of government. The cultural explanation ultimately fails to see the complexity of Middle East, which is as diverse as every other region in the world, and Islam, which is equally varied.

Alternatively, some scholars have directed their attention to Middle Eastern institutions instead of culture. Some have argued that the region's lack of "democratic prerequisites" such as strong civil societies, market-driven economies, high literacy rates and representational government institutions accounts for the persistence of authoritarianism in the Middle East.³⁰ However, the fact that countries in the region possess a number of these so-called prerequisites

²⁷ Anderson, 197.

²⁸ Ibid.

²⁹ Esposito, 144. *Unholy War: Terror in the Name of Islam*. New York: Oxford University Press, 2002.

³⁰ Bellin, 139-141.

challenges this idea. For example, several countries in the region have democratic institutions such as parliaments, political parties, judiciaries and elections.

According to Marsha P. Posusney, there are two general types of institutions: formal organizations and informal rules and procedures that structure political conduct.³¹ These include political parties, government military/security agencies, different branches of government, and elections and the rules that govern them.³² Stephen Cook (2005) argues that it is not a lack of institutions in the region prevent democratic reform and development, rather, it is the flawed “nature” of the institutions themselves that “tend to restrict political participation, limit individual freedom, and vest overwhelming power in the executive branch of government.”³³ For example, Cook states that in 2004 citizens of Qatar received greater freedoms in the new constitution, but the royal family consolidated its absolute rule.

State manipulation of elections is perhaps the most apparent (and well documented in the literature) means for authoritarian governments in the Middle East to maintain their positions in power. Posusney illustrates this by describing contested, albeit largely controlled, parliamentary elections throughout Middle East during the early 1960s to 2000.³⁴ The preferred electoral structure used in the region is a “winner takes all” system, where the party that wins the majority of seats also gains the most power.³⁵ In Egypt, party contested parliamentary elections began under late president Anwar Sadat in 1976. However, according to Posusney, Sadat ensured that the government-backed party would win the majority of the seats, which is what occurred. In 1984, president Hosni Mubarak led a new round a elections but the outcome remained the same: the ruling party, which came to be known as the National Democratic Party, won the majority of

³¹ Posusney, 7. “The Middle East’s Democracy Deficit.”

³² Ibid.

³³ Cook, Stephen, 96. “The Right Way to Promote Arab Reform,” *Foreign Affairs* 82, no. 2 (2005): 91-102.

³⁴ Posusney, “Multiparty Elections in the Arab World.”

³⁵ 94.

the seats, while only garnering 73% of the popular vote.³⁶

According to Holger Albrecht and Oliver Schlumberger, in addition to parliaments and elections, authoritarian regimes in the region have also established other institutions such as new government ministries and institutions that arbitrate economic disputes.³⁷ They have also allowed the establishment of NGOs, parliaments to enact antitrust legislation, and a more open and freer press.³⁸ The effect of all of these, according to the authors, is the creation of the appearance of democracy for both domestic and foreign audiences. For example, the authors argue, allowing NGOs to operate creates the semblance of autonomous societal organization, and allowing political parties to form creates the appearance of true political contestation. In short, the establishment of institutions is a means and a strategy for authoritarian regimes in the Middle East to claim to have enacted democratic reform when in reality it is more likely the projection of an appearance of democracy.³⁹

The third set of explanations for the persistence of authoritarianism in the Middle East—the history of international relations with the region—is predominantly about the legacy of foreign, primarily Western, interventionism in to the region during the 20th century and it is directly related to the oil/rentier state literature, which will be discussed in detail shortly. Middle Eastern oil was (and continues to be) of great geopolitical and economic importance for the entire world. British businessman William Knox D’Arcy first discovered oil in modern day Iran in 1908, but it was not until after World War II that oil would have a significant and long-lasting impact in terms of the potential for democratic prospects in the Middle East.⁴⁰ As will be

³⁶ 95-96.

³⁷ Albrecht, Holger and Schlumberger, Oliver., 380. “‘Waiting for Godot’: Regime Change Without Democratization in the Middle East,” *International Political Science Review* 25, no. 4 (2004): 371-392.

³⁸ *Ibid.*

³⁹ 381.

⁴⁰ Mitchell, 408.

explored further in the chapter four, the Saudi Arabian experience is perhaps the most striking illustration of this.

The oil/rentier state literature is the fourth category of explanations for the persistence of authoritarianism in the Middle East. The literature in this category explores the possible linkages between natural resources and regime type.⁴¹ In other words, scholars within this category examine whether natural resources (such as oil or minerals) determine either democratic or authoritarian political outcomes. Many of these scholars argue the latter. According to Terry Lynn Karl, commodity-led growth causes institutional change within the state; natural resource revenue, more so than any other factors, triggers these kinds of structural alterations.⁴² States that undergo such changes are called rentier states.

The rentier state theory is as follows. According to the theory, *rent* is income that isn't generated by the “productive” processes of a country—i.e., the wealth generated by a country's everyday economic activities such as consumption (people's wages spent on consumer goods), industrial output (manufactured goods to be sold and the profits earned), and taxation.⁴³ Instead, rent is income derived from “unproductive” sources: the monopoly ownership of land (by the state or foreign companies) and the extraction and selling of natural resources, strategic rents

⁴¹ For example, see, Ross, Michael. “Does Oil Hinder Democracy?” *World Politics* 53, no. 3 (Apr., 2001): 325-361; and, Dunning, Thad. *Crude Democracy*. New York: Cambridge University Press, 2008.

⁴² Karl, 7.

⁴³ Beblawi, 85-86. In *The Wealth of Nations*, Adam Smith stated that there are three sources of income: rent, wages and profits. Rent, according to Smith, is the income received from the property ownership of land—it is the money earned from the leasing of the land for agricultural, mining, or other uses, and the profits from the sale of the natural resources or food that are produced. In other words, the landowner does not actively work on it to receive a wage, but is instead the recipient of a large share or most of the wealth. This type of wealth that accrues to the property owner is called ‘unearned’ income and is the essential characteristic of rent. In classical economics, these landowners were called ‘rentiers’ because, to reiterate, instead of working for a living wage, rentiers extracted a ‘rent’ from the profits of the work done on his property as well as the money paid for the use of the land. The onset of enormous oil revenues in some Middle Eastern countries beginning with the oil shocks of the 1970s resurrected the notion of ‘unearned income’ from classical economics. Scholars asserted that these revenues were a modern manifestation of unearned income: oil revenue came to be seen as a kind of rent in the same manner as the rent that accrued to property owners in classical economics.

(such as land leased for military bases), foreign worker remittances, foreign aid, and others. Thus the majority of rent comes from external sources.⁴⁴

A *rentier-state* is a state in which its monopoly ownership of a resource determines the nature of its politics.⁴⁵ The rent revenue generated from monopoly ownership determines a state's political structures. According to the theory, rent income concentrates wealth towards the state, which is the primary recipient and distributor of rent revenues.⁴⁶ The state becomes dependent on these revenues and this dependence fundamentally shifts its decision-making process towards maintaining the extraction of rent income in the future.⁴⁷ More to the point, the infusion of rents, which are typically very large, allows the state to become relatively autonomous from society. Therefore, the state leaders do not need to (or very minimally so) extract income from society through taxation, and thus be held accountable by society. Their economic independence—and the reliance upon official largesse by entire segments of society—fosters the concentration of political power in the state.

This, then, gets to the core of the theory's argument. The theory asserts that states can only “democratize” when the ruler and his subjects bargain over taxes.⁴⁸ This happens when the state does not have any source of income to fund its operations other than the taxes it imposes on its subjects. As a result, the state becomes reliant on its citizens and therefore must accommodate their demands, which they express in representative, legislative bodies such as parliaments. In other words, citizens accept taxation in exchange for representation in the state and in this way society is able to hold the government accountable. This relationship is summed up in the phrase “no representation without taxation.”

⁴⁴ Mahdavy, 428.

⁴⁵ Karl, 13.

⁴⁶ Beblawi, 89.

⁴⁷ Karl, 197.

⁴⁸ Herb, 256.

The state-society relationship is the opposite in rentier states. Society is not involved with the production of national wealth and taxed very little or not at all. Therefore society has little or no say in state decision-making. However, to offset any opposition or dissent towards the state, rentier states create an apolitical and acquiescent society by providing free or affordable social services in areas such as health care and education. Thus a rentier state bases its authority and legitimacy on the redistribution rent wealth rather than taxation. In sum, according to the theory, rent income is therefore deterministic: it shapes the politics of the state by giving the state the financial autonomy to possess and wield political and economic power. The state becomes powerful, authoritarian, and undemocratic as a result of all of these factors.

B. Analysis of the Literature

Lisa Anderson and the other scholars she cites in her article are correct to assert that the culture argument is an insufficient explanation for the persistence of authoritarianism in the region. As described earlier, proponents of this argument equate Middle Eastern culture with Islam and thus view the Middle East as one homogenous, unchanging entity: an “Islamic civilization.” The entire region is considered exceptional, unlike other parts of the world. By equating culture with Islam, the culture explanation fails to understand the region’s complexity in terms of its history and cultural and religious diversity. The Arabic language and Islam may be the prevalent features of the Middle East, yet every country in the region possesses its own Arabic dialect, particular history and cultural/ethnic makeup.

The examination of institutions in the Middle East is a more sound approach than the focus on culture because its conclusions—that government institutions in the region are undemocratic in nature; that elections have been manipulated; that governments have established agencies and other state organizations as well allowing the space for political party formation; and that give the overall appearance of democracy—are based on concrete examples such as the

manipulation of elections in Egypt described earlier. Indeed, flawed institutions do exist in the region but these problems are certainly not limited to the Middle East. While they do shed light on the tactics used by authoritarian regimes, by themselves, institutional explanations are not sufficient reasons for the persistence of authoritarianism. Moreover, democracies often exhibit the same detrimental political behavior of authoritarian regimes such as corruption and manipulation of elections. Thus the Middle East is not exceptional in terms of flawed institutions.

As for the rentier state theory, even though a number of scholars have challenged, critiqued and reexamined it, it has been “the dominant theoretical paradigm in the study of Middle Eastern monarchies”⁴⁹ and continues to be so in the study of Middle Eastern political economy and the persistence of authoritarianism in region. However, similar to the literature that looks at culture, the oil/rentier state literature tends to simplify the complex reality of the region’s history, the relationships between oil, society and the state, and the internal political structures and dynamics of the authoritarian regimes in the Middle East.

There are two main limitations of the rentier state theory. The first is one is that the theory does not look deeply at the process of natural resource production itself. This is particularly evident in the development of the Saudi Arabian oil industry, which will be touched on in Chapter IV. The other limitation is the claim that rent revenue alone determines state structures and molds political outcomes, thereby largely freeing the state from societal demands and giving it a high level of autonomy. The examinations of Saudi Arabia and Iran in the following chapters illustrate why this point is problematic.

Columbia University professor Timothy Mitchell addresses the first limitation. He contends that proponents of the rentier state theory tend not to discuss the historical background

⁴⁹ Herb, 256.

of the oil industry in the region nor the production, distribution and use of oil; the focus remains mostly on the oil revenues that accrue to the state after the oil is sold on the market.⁵⁰ This, Mitchell argues, prevents scholars from examining “the flow of oil” and the centers of power located within the process of oil production: where the sources of the undemocratic politics in the Middle East stem from.⁵¹

According to Mitchell, the harnessing of fossil fuels, first from coal and then from oil, resulted in both democratic and undemocratic politics. He argues that the production and use of coal as a primary source of energy, along with other factors such as urbanization, facilitated the beginning of what he calls the “collective life out of which late-nineteenth-century mass politics developed.”⁵² Mitchell states that the flow of coal production involved large networks and “main junctions” where large numbers of workers as well as large “concentrations of carbon energy” were concentrated. As a result, coal workers had significant political power in the form of strikes that occurred in Europe and the United States. Strikes forced industry leaders and their allies in the government to accept welfare democracy and universal suffrage.⁵³ Thus coal production made possible the “forms of democracy that emerged in leading industrial nations by the middle decades of the 20th century”.⁵⁴

The switch to oil as the primary source of energy for the world after WWII, Mitchell argues, significantly decreased worker mobilization (though not entirely) and hence the possibility for democratic politics where oil production took place, particularly in the Middle East. Oil production involves a smaller workforce, is pumped from the ground, and is more

⁵⁰ Mitchell, 400. “Carbon Democracy.”

⁵¹ Ibid.

⁵² 401. Before coal emerged as the primary source of energy for existence, people relied on solar energy from the sun, which would grow the crops to feed themselves and their domestic animals, as well as trees used for fuel.

⁵³ 406.

⁵⁴ 421.

easily transported than coal through pipelines, tanker shipping and other kinds of transportation. As a result, according to Mitchell, the potential for oil strikes and the political demands (including better working conditions, political constitutions, the right to unionize and form political parties) that they call for, decreased. Additionally, after the war oil companies, American and others, began to take control over the production and distribution of Middle Eastern oil, maintaining control by limiting supply in order to keep profits high.⁵⁵ The British suppressed the oil worker strikes that did occur, such as in Iraq and Palestine. After the war in Lebanon and, as will be discussed in the following chapters, in Saudi Arabia and Iran, the United States used its political and economic power to force favorable oil producing conditions.⁵⁶

The second limitation, the assertion that rent revenues alone shape state structures and decision-making which gives the state its own agency and separates it from society, is problematic as well. According to University of Pennsylvania professor Bob Jessop, a state is comprised of a “core” of a “distinct ensemble of multifunctional institutions and organizations whose socially acceptable function is to define and enforce collectively binding decisions on the members of a society in the name of their common interest of general will.”⁵⁷

For Jessop, this definition acknowledges the general notion of the state as a “macro-political organization” and the connections between it and society. The latter acknowledgement is important for this thesis. According to Jessop, the state can never completely separate itself from society and the boundaries between them are not clear; the state depends on numerous “micro-political practices” spread out throughout society.⁵⁸ Stephen Hertog expands on this notion in his examination of state-society relations in Saudi Arabia. This will be discussed in detail in

⁵⁵ 406-409.

⁵⁶ For example, the United States pressured the Lebanon government to sign a bilateral agreement that exempted American oil company workers from local labor law, 412.

⁵⁷ Ibid.

⁵⁸ 342.

Chapter IV. To briefly note here, Hertog finds that the Saudi state extends its reach in to society through numerous state agencies and organizations, and that lower levels of society can in fact affect the outcomes of government policies. Furthermore, Jessop argues, state institutions are shaped by the nature of past social formation processes. In other words, states are not formed in a vacuum; they arise out of the social context from which they are formed and continue to be shaped by society.

Timothy Mitchell echoes Jessop's view of the state.⁵⁹ Like Jessop, Mitchell argues that the state and society are not two separate, distinct entities. Rather, the boundaries between them are permeable and overlapping; society can shape the state and vice-versa. For example, Mitchell discusses banking. National and international corporations, government treasuries, multinational organizations like the World Bank, semipublic central banks (such as the U.S. Federal Reserve) and others, are all interconnected. Therefore, Mitchell contends, it is impossible to separate the financial realm from the public realm.⁶⁰ However, according to Mitchell, internal political processes of the modern state create the "effect" of a clear "distinction" between state and society. Powerful actors, which include political and economic actors, promote this distinction in order to maintain an existing political and social order that allows them to retain their positions of influence and control.⁶¹ Thus the appearance of a distinction between state and society "disguises" the relationships of power that are invested in maintaining the existing system of governance.

In terms of this thesis, the relationship between the national oil companies (NOCs) in Saudi Arabia and Iran and their respective governments is another example of the blurring of the

⁵⁹ Mitchell, "The Limits of the State: Beyond Statist Approaches and their Critics."

⁶⁰ 90.

⁶¹ 78.

lines between state and society. In a 2006 study⁶², Valerie Marcel finds that NOCs in the Middle East have evolved from being primarily nationalistic enterprises towards more market-oriented and international driven companies. However, because governments continue to own them, they cannot operate like fully independent, international companies. As a result, governments have a great amount of say in discussions about company policies and strategies.⁶³

Mitchell and Jessop's arguments are important to this thesis because they problematize the supposed effects of oil—that oil revenues simply accrue to the state and help authoritarian regimes remain in power; that oil wealth determines state structures (i.e., that a state will be authoritarian); and the assertion that the state becomes largely autonomous and separate from society. In terms of the first limitation, Mitchell reveals that oil production involves much more than the profits the state receives; it involves a process in which certain actors maintain power and control. Both Jessop and Mitchell provide strong theoretical arguments about state-society relations that complicate the rentier state theory. They show that numerous linkages exist between the state and society and that both shape and influence each other thus challenging a major component of the theory.

Jessop and Mitchell both provide a basis on which to begin to examine the relationships between oil, politics, society and the state in Saudi Arabia and Iran. Mitchell demonstrates that it is essential for scholars to look beyond the profits of oil production and examine other factors that may cause authoritarian persistence. He and Jessop show that the state-society boundaries overlap. Thus in order to get to a deeper level of understanding of the factors that lead to and sustain authoritarianism in both countries, it is necessary to move away from the rentier state theory. Doing so will demonstrate that oil, though important, alone cannot account for Saudi

⁶² Marcel, Valerie. *Oil Titans*. Washington, D.C.: Brookings Institution Press, 2006.

⁶³ 77.

Arabian and Iranian authoritarianism. The alternative explanatory variables proposed in this thesis are:

- Political Structures
- Religion
- History/Actions of External Actors
- State Mechanisms and Strategies

As stated at the end of the introduction, this thesis contends that it is necessary to examine the case studies externally and internally. The scholars reviewed in this chapter have approached the issue of authoritarianism in the Middle East in this manner but questions still remain: to what extent has the role that oil played beyond the notion that it is simply redistributed?; what exactly were the effects of foreign interventionism in the region?; what are the internal social, economic and political conditions within the case studies and how have they contributed to the resilience of the Saudi and Iranian regimes?; and, are societies of rentier states depoliticized as the theory assumes? The following chapters address all of these questions and demonstrate that multi-causal factors account for the persistence of authoritarianism in the Middle East, rather than one overall argument such as the rentier state theory.

Chapter III: The Case of Iran

A. Historical Overview

Two monarchies ruled Iran prior to the 1979 Iranian Revolution. The Qajar Dynasty was in power since its founding in 1796 until a senior military general, Reza Khan, orchestrated a military coup in 1921 and crowned himself Shah (king) in 1926, establishing the Pahlavi Dynasty.⁶⁴ Reza Shah Pahlavi created a strong, centralized state based on two “pillars”: the military and the bureaucracy, both of which he significantly expanded during his reign. He aimed to widen the state’s reach into society and economy.⁶⁵ Not surprisingly, tribal families, Islamic clergy, and young intellectuals all opposed the Shah’s heavy-handed rule.⁶⁶ The British and Soviet invasion of Iran in 1941 (in order to secure access to oil during World War II) terminated his reign and he abdicated the throne to his son Muhammad Reza.⁶⁷

The first thirteen years of Muhammad Reza’s reign, known as the “nationalist interregnum,” was a period of time when the Shah promised to rule as a constitutional monarch rather than as a supreme leader like his father before him. The period also marked the rise of the Tudeh Party, a socialist-democratic party that called for democratic reforms such as increased political, civic and social liberties and legislation that would address the needs of the poor.⁶⁸ It also stressed the importance of Iranian national identity and called for the nationalization of the oil industry. The party went into decline in late 1940s but its goals of mass mobilization and mass politics would remain.

⁶⁴ Abrahamian, *A History of Modern Iran*, 63.

⁶⁵ 72.

⁶⁶ 73. The landed, agricultural elite supported the Shah. He maintained their support through an extensive patronage system. The Shah essentially hand-picked members of the parliament and ministries, a large portion of whom were landowners.

⁶⁷ Iranian oil attracted the British and Russians since the early 1900s. The British were granted the first oil concession, an effort led by British entrepreneur, William D’Arcy. In 1909 he founded the Anglo-Iranian Oil Company (AIOC), the predecessor of British Petroleum. In an agreement in 1933, the British agreed to give Iran increased share of oil revenues. After the start of WWII, Russia and Britain, fearing Iran would come under German control, invaded and occupied Iran from 1941-1946.

⁶⁸ Azimi, 127.

The interregnum also witnessed the rise of the nationalist movement. Led by Prime Minister Mohammad Mossadeq, the movement almost terminated the Pahlavi monarchy. Under his leadership, in the spring of 1951 the Majlis passed a bill that nationalized Iran's oil industry. The government also established the National Iranian Oil Company (NIOC). Nationalization threatened British control of oil production and the United States worried that the unstable nature of Iranian politics would lead to increased Soviet influence in Iran. These factors prompted the British and Americans to remove Mosaddeq from power and reinstate the Shah, who had fled Iran, in a coup in August, 1953. The coup delegitimized the rule of the Mohammad Reza and permanently identified his reign with Britain and the United States.⁶⁹

Back in power, the Shah launched his state modernization and expansion plans. The military, the state bureaucracy and the system of court patronage that supplied the Shah with supporters, all increased in size. In 1963, he initiated the White Revolution, a series of reforms that aimed to improve the lives of Iranians. Land reform was its centerpiece. The goal was to bring economic prosperity to Iran, make Iran powerful, and ultimately break the grip on power of the landowning class in the countryside.⁷⁰ Reforms also developed the industrial sector which attracted workers to urban centers. Socially, the White Revolution brought about improvements in education and health. The effect of the revolution was far reaching in that it led to economic and social structural shifts: from agriculture to industry, countryside to town, and the political power of landowning notables to the state.⁷¹

Oil revenues funded these reforms. The oil consortium agreement in 1954 resumed the flow of oil royalties, which had been stalled for a couple of years, paid to the Iranian

⁶⁹ Abrahamian, *A History of Modern Iran*, 122.

⁷⁰ Land reform transferred land owned by the landowners to small peasant farmers. The Shah wanted to consolidate his power and create a base of support among the peasants.

⁷¹ Yapp, 332.

government.⁷² The 1973 Oil Shock dramatically increased Iran's oil revenues, which reached to twenty billion dollars in 1976.⁷³ However, despite these increases and the gains achieved in the White Revolution, Iranians overthrew the Shah in the Iranian Revolution of 1979. The Shah failed to fully gain the support of the poorer classes: living conditions did not improve in the countryside and the wealth gap between the poor and wealthy widened. He also alienated the middle class and, importantly, the clergy who subsequently supported Ayatollah Ruhollah Khomeini, the leading Shi'a cleric in Iran who became the leader of the revolution.

According to the rentier state theory, the Iranian Revolution should not have happened and the monarchy should have endured. Iran's oil revenues in the 1970s were quite large, which, by the theory's reasoning, ought to have been sufficient to keep the regime in power. Terry Lynn Karl (1997) argues that "petro-states," countries in which oil is the dominant or significant component of their economies, are inherently vulnerable because dependence on oil revenues, especially during oil booms, weaken the administrative capacity of the state while at the same time expanding state-led development.⁷⁴ This means that as the state increasingly relies on oil income for its revenues, as opposed to from taxes, the state loses its ability to make sound economic regulatory decisions because it rules through public spending rather than smart management of the economy.⁷⁵ Thus Karl attributes the monarchy's demise to its dependence on

⁷² A consortium is an association of several businesses. The formation of the Iranian oil consortium was the conclusion of an oil crisis that lasted ever since Iran nationalized its oil in 1951. Nationalization upset Britain and it suspended its oil operations there (run by the AIOC) which crippled Iran's economy. Eventually, the United States brokered a deal between Britain and Iran and all three countries agreed to form a consortium comprised of several oil companies, including the five major American companies such as Standard Oil of California. The deal favored the consortium and Western powers over Iran, however it "laid the economic foundation for the long rule of Muhammad Reza Shah" (Heiss, 511). See: Heiss, Mary A. "The United States, Great Britain, and the Creation of the Iranian Oil Consortium, 1953-1954," *The International History Review* 16, no. 3 (August, 1994): 511-535.

⁷³ Abrahamian, *A History of Modern Iran*, 124.

⁷⁴ Karl, 16.

⁷⁵ *Ibid.* The same occurred in Saudi Arabia and it will be discussed in the next chapter.

oil revenues and the destabilizing effects such dependence generates.⁷⁶ This evidence suggests that instead of creating stable regimes, oil contributes to government instability and structural weakness. However the Iranian Revolution, discussed in more detail below, demonstrates that oil cannot be the only factor that caused the instability that resulted in the Shah's demise. The Shah's authoritarian methods, combined with the vast corruption and wastefulness of his regime as well as the end of the oil boom in the latter years of the 1970s, played a far more decisive role in fostering the massive revolution that toppled the Shah.

Some may argue that the current economic conditions in Iran are evidence that support the theory as well. As for much of its recent history, the oil and natural gas industries dominate the Iran's economy. The state retains ownership of many of the large economic enterprises, such as the oil industry, and according to current World Bank data, in 2009 the GDP of Iran was \$331 billion and the share of oil revenues amounted to approximately 23.7% of GDP, down from 40.3% the previous year.⁷⁷ As of 2010, oil revenues provided Iran with approximately half of the government's revenues and oil and its derivatives amounted to roughly 80% of Iran's total exports.⁷⁸ Manufacturing, mining, agriculture, and technology sectors largely constitute the remainder of the economy. The government is currently in the process of a five-year (2010-2015) privatization plan to diversify the economy but factors such as unemployment, falling and unstable oil prices, large government subsidies, inefficient public sector enterprises, and foreign economic sanctions have hampered this effort. Some may contend that that despite these unfavorable conditions, especially the uncertainty in the global oil markets, the oil sector is what

⁷⁶ 16-17. According to Karl, features of petro-states are: 1) the 'petrolization' of the policy environment, 2) private interests become barriers to change, and 3) rentierism. Oil booms exacerbate all of these problems.

⁷⁷ World Bank, "Iran, Islamic Republic," <http://data.worldbank.org/country/iran-islamic-republic> [accessed January 2012].

⁷⁸ U.S. Energy Information Administration, "Iran: Analysis," <http://205.254.135.7/countries/country-data.cfm?fips=IR&trk=m> [accessed January 2012].

is enabling the regime to remain in power. As discussed in the next section, however, other factors have played a significant role.

B. Regime Resilience: Mechanisms, Strategies and Political Structures of the Islamic Republic

The Iranian Revolution, which took place in February 1979, ushered in a new, but different authoritarian regime.⁷⁹ The revolution was a broadly based social uprising composed of Ayotallah Ruhollah Khomeini and his clerical and non-clerical followers, constitutional liberals, Marxists and other leftists, Iranian university students, women's rights groups, urban poor, and others. The Islamic clergy, led by Khomeini, was by far the most organized out of all the revolutionary groups. By April 1979 they were able to outmaneuver the secular groups, which were fragmented and did not possess a leader capable of matching Khomeini in stature and leadership.⁸⁰ On April 1st, 98% of Iranians approved the founding of an Islamic Republic in a national referendum. In November, the Assembly of Experts, a 70-member body appointed by Khomeini of supporters of the Islamist government, approved a new constitution which placed the concept of "*velayat-e faqeh*" (the Guardianship of the Jurist; the notion that only senior Islamic clerics possess the authority to rule the state) as the unifying ideology and basis for the Islamic Republic.⁸¹ In other words, the constitution codified the authority of the clergy. As will be discussed later in this chapter, this would play a crucial role for the new regime's survival in the coming decades.

The emergence of the Islamic Republic challenges the notion that oil revenue is the only variable that directly shapes state formation. The discussion about the state-society relationship towards the end of the previous chapter makes clear that many factors affect state structures.

⁷⁹ The Islamic Republic retained the state bureaucracy of the Pahlavi monarchy and expanded it.

⁸⁰ Azimi, 358. The nationalization of the oil industry, which entailed the full elimination of the oil consortium, and the hostage crisis, which began in November, were two key events that helped solidify the new government's rule.

⁸¹ Abrahamian, *A History of Modern Iran*, 164.

Sami Zubaida (1993) argues that scholars ought to examine Middle Eastern countries through the socio-economic processes shape their politics and societies.⁸²

Understanding the context in which the Iranian Revolution took place is an excellent example of this. Although oil would remain a significant part of the Iranian economy after the revolution, clerical Islam and the idea of a centralized Islamic Republic arose out of the complex socio-economic and repressive context of the Pahlavi regime.⁸³ The Iranian government under the Shah directly controlled the press, trade unions and the legal system, and created the secret police force called the Savak, which the government used to enforce its policies. Consequently, the Shah alienated most parts of society, including and importantly, the Shi'a clergy who had increasingly become subordinated to the modernization of the White Revolution.

Shi'ism in Iran was a significant part of the social fabric; it was deeply embedded within Iranian society through mosques, religious schools called *madrasas*, seminaries and shrines.⁸⁴ Additionally, the clergy received various forms of religious taxes (called *zakat* and *khuns*) and income in to endowments (*waqfs*) from the traditional bazaar and devout Shi'a Muslims in return for legal, educational and religious services.⁸⁵ The educational, judicial, and economic reforms of the White Revolution terminated most of the clergy's traditional roles in these areas. For example, the government attempted to appropriate some of the clergy's influence by establishing a 'religion corps,' which attempted to teach religion in the countryside.⁸⁶ The government also established theology as an academic discipline to challenge the influence of the seminaries and extended "state control over the management of pious endowments".⁸⁷

⁸² Zubaida, 123.

⁸³ 180.

⁸⁴ Yapp, 337.

⁸⁵ Ibid.

⁸⁶ Keddie, 103. Keddie, Nikki. *Iran: Religion, Politics, and Society: Collected essays*. New York: Routledge, 1980.

⁸⁷ Azimi, 340.

Before this transition, Shi'a clergy had generally accepted the role of a secular leader as long as he allowed them to practice their faith in peace and as a result, most senior Shi'a clerics called *mujtahids* stayed away from politics.⁸⁸ However, the White Revolution and the repression and corruption of the Pahlavi regime eventually served as the catalyst for increased Shi'a activism, led by Khomeini. Khomeini was the most vocal opponent *mujtahid* of the Shah and by 1963 he assumed the role as the leading voice among the radical clergy that opposed the regime.⁸⁹ The government exiled him in 1964 and in 1965 he moved to the third holiest city in Shi'a Islam, Najaf, Iraq.

There, Khomeini crafted his vision of an Islamic government.⁹⁰ He melded criticisms and ideas of other radical Shi'a into one broad critique of the Pahlavi regime. Some of these Shi'a clerics criticized the increased westernization, or "westoxification," in Iran, which they thought had gradually eroded Islamic culture, particularly the greater freedoms given to women in terms of traditional customs.⁹¹ Other clerics argued that the clergy ought to be more socially and politically active. Ultimately, Khomeini deeply believed in the concept of *velayat-e faqeh* and was determined to establish an Islamic government, one that aimed to fully transform society towards a more culturally Islamic way of life and serve as the unquestionable overseer of this transition; he wanted a government that combined "Islamist-ideological and political power in the service of an Islamist state."⁹²

Khomeini also incorporated into his vision social, political and economic criticisms of the regime that all Iranians could agree on. In addition to the corruption and repression that characterized the government, he condemned the Shah's absolute rule and often disregard of the

⁸⁸ Yapp, 338.

⁸⁹ 339.

⁹⁰ Ibid.

⁹¹ Azimi, 341.

⁹² 346.

constitution. Khomeini denounced the regime's close and compliant role to foreign interests during the Cold War which, for Iranians, violated their country's national sovereignty.⁹³ Other criticisms included: the excessive amounts of money allocated towards the military; failing to develop the agricultural sector; failing to develop sufficient social services in rural areas; failing to protect the bazaar from foreigners and state-connected entrepreneurs; and, failing to address general problems of crime and drug addiction.⁹⁴

The emergence of the Islamic Republic and the formation of its state structures thus had less to do with oil than with Muhammad Reza Shah's regime. The Shah ought to have been able to stay in power with the oil revenues at his disposal but this does not account for the decades of repressive rule and mismanagement that undermined his authority. This does not suggest that oil was irrelevant but it does suggest that oil revenue on its own is not a sufficient predictor of regime stability. Moreover, foreign control of oil production in Iran foreign involvement in Iranian politics post-1951 was consistently a sore point for Iranians and a liability for the Shah. Some Iranian oil professionals complained that the compensation they were required to pay to foreign companies was far too high.⁹⁵ Ultimately, the mutual relationship between foreign interests and the Shah was the most serious grievance many Iranians held against the monarchy; it was an affront to Iranian sovereignty.

The White Revolution thus indirectly fostered the rise of politically active Shi'ism in Iran. Until the early 1960s, the clergy was generally acquiescent and reactive to the political environment around them and its politics had been primarily internal amongst clerics themselves

⁹³ 341.

⁹⁴ Abrahamian, *A History of Modern Iran*, 147.

⁹⁵ Marcel, 42. After assuming power in 1979, the new government fully nationalized the oil industry. It terminated the last remnants of the oil consortium and the Ministry of Petroleum took full control over the industry through the NIOC, the National Iranian Gas Company, and the National Petrochemicals Company, the latter two being established in 1965 and 1964 respectively.

and religious institutions.⁹⁶ As described above, this changed when Khomeini began to publicly and fervently denounce the Shah. After the revolution, it was Khomeini and other members of the new government who shaped the political structures of the Islamic Republic.

Despite an overwhelming revolution in which large portions of society supported the ouster of the Pahlavi regime, the new government's grip on to power was tenuous, particularly during the period immediately after the overthrow in which the new constitution was drafted. Neither the clergy nor the opposition possessed a precise vision as to what the government of an Islamic Republic would be; the rhetoric of the revolution consisted of mostly broad notions of social justice, liberty, independence and of the idea of a nation based on Islamic ideals and laws.⁹⁷ However, there were sharp differences between, on the one hand Khomeini and his supporters who comprised the newly formed Islamic Republic Party, and on the other hand, the prime minister, Mehdi Bazargan and other members of the Provisional Government.⁹⁸ Khomeini and his faction wanted to institutionalize Islam whereas Barzagan and the other nationalists preferred a secular, democratic constitution based on Islamic principles.⁹⁹

By the end of 1982, however, the clergy consolidated its power by defeating the leftist-secular elements of the revolution and the new government was firmly in control.¹⁰⁰ The Iranian government emerged essentially as a hybrid political regime. It can be described as a theocratic

⁹⁶ Zubaida, 57.

⁹⁷ Azimi, 364-365.

⁹⁸ Abrahamian, *A History of Modern Iran*, 162. The Provisional Government was the first government after the revolution. Khomeini established it to serve as the acting leadership body that would oversee the creation of a constitution and the election of new members to parliament. Strong disagreements emerged between the Provisional Government and Khomeini and his followers. This came to ahead when Iranians took over the American embassy in 1979. Barzagan and other members resigned in protest and the Council of the Islamic Revolution, created by Khomeini to supervise the revolution, took over control and led until the convening of the new parliament in August 1980.

⁹⁹ Ibid.

¹⁰⁰ Yapp, 349.

republic, consisting of a ‘shadow’ clerical side and an official side to the government.¹⁰¹ In terms of the former, the preamble and Article 4 of the new constitution both placed Shari’a law as the unifying ideology and basis for the Islamic Republic.¹⁰² This was encapsulated in the aforementioned concept of *velayat-e faqih*, which declares that the Iranian government not only be based on Sharia’a law, but that in order for this to be successful, a leading Islamic jurist, the Ayatollah, who is to be appointed by the Assembly Experts, must provide political ‘guardianship’ over the people. The assembly appointed Khomeini. Furthermore, the constitution founded the very powerful Guardian Council, the body of twelve Islamic jurists given the task of interpreting the constitution, ensuring that any new legislation adheres to Islamic law, and overseeing the elections of as well as approving the candidates to parliament, the presidency, and the Assembly of Experts.

Although Islamic law takes precedence in the constitution, the constitution itself is primarily non-Islamic.¹⁰³ It is actually based on the French government established by Charles de Gaulle, the Fifth Republic. As such, the constitution divides government into branches: the executive, the national parliament and the judiciary. The government itself is highly centralized.¹⁰⁴ The president was defined as the chief executive, second only to the Supreme Leader, and was in charge of his cabinet, appointing officials to various ministries as well as ambassadors, governors and mayors.¹⁰⁵ The Majlis consists of 270 elected representatives who craft legislation, approve the president’s appointment of ministers, as well as several other duties too long to list here. The Supreme Court and regional and local courts, and the Ministry of Justice, which is headed by the Attorney General, compose judiciary branch of government in

¹⁰¹ Abrahamian, *A History of Modern Iran*, 155.

¹⁰² 164.

¹⁰³ Abrahamian, *Khomeinism*, 33.

¹⁰⁴ Ibid.

¹⁰⁵ Abrahamian, *A History of Modern Iran*, 166.

Iran.¹⁰⁶ Above all, however, the ultimate authority of the government lies with the Supreme Leader.

The dual, or hybrid, nature of the government—republican and theocratic—has played an essential role in maintaining the regimes’ longevity and hence authoritarianism in Iran. One mechanism for regime maintenance is the regime’s fostering of elite factionalism and contestation within the government. This allows for “differences to emerge and persist but simultaneously prevents the aggregation of interests” that would challenge the authority of the clergy and bring about a transition to democracy.¹⁰⁷ Contrary to some democratization literature, which argues that elite factionalism and confrontation is a prerequisite for democratic transition, Iran’s case demonstrates that elite factionalism does not always lead to the downfall of authoritarianism.¹⁰⁸

The origins of elite fragmentation stem from the highly diverse composition of the revolutionary movement and the dual nature of the government that emerged from it.¹⁰⁹ In other words, competition between different groups not only became a central characteristic of the new government (as it is in almost every kind of government), the competition in itself is one factor that enables the regime to survive. In fact, even though the regime often repressed dissent through censoring the media, its structure allows for political space for criticism from both clerical and even secular dissent.¹¹⁰

From the very outset of the establishment of the Islamic Republic significant differences existed between elite conservative and reformist factions who argued over the socio-economic

¹⁰⁶ 176.

¹⁰⁷ Keshavarzian, 65. “Elites” are individuals and groups of individuals who are in positions of political, economic or social power.

¹⁰⁸ 70.

¹⁰⁹ 75.

¹¹⁰ 77.

policies the government ought to pursue. Bazargan and his camp argued for conservative reforms. For them, and later a small but powerful coalition of clergy, the economy needed moderate reforms; the government only needed to create a space for the private sector to flourish and not intervene in it.¹¹¹ Additionally, they asserted that the government ought to protect and respect property rights, and only nationalize large industries or companies when the national interest of the country was at stake.¹¹² The reformists comprised the opposing camp, led the first president of the Islamic Republic, Abolhasan Bani Sadr. They called for an interventionist government that would regulate the economy and thereby place restrictions on property rights. They argued that Islamic economic principles ought to be interpreted according to modern times and not strictly adhere to Shari'a law; they believed that capitalism and Shari'a law could in fact be compatible.¹¹³ Unfortunately for Sadr and other like-minded officials, the clergy gradually asserted its control of the government through the crafting of the constitution, which gave them ultimate control of the economy and other areas such as education, the media, and the legal system.¹¹⁴ The debates between the conservatives and reformists continued in the next decades and continue today.¹¹⁵

Elite political contestation grew significantly after the revolution and gradually became institutionalized within the structure of the government.¹¹⁶ The government increased the state bureaucracy by expanding existing ministries and other institutions such as the aforementioned

¹¹¹ Behdad, 105.

¹¹² Ibid.

¹¹³ 108.

¹¹⁴ Azimi, 361.

¹¹⁵ The Iranian government survived throughout the 1980s in large part due to the stature and leadership of Khomeini, who often had to intervene and serve as the mediator of the disputes between government officials and factions. For example, in 1981 Khomeini had to mediate a dispute between the Majlis and Guardian Council regarding the ownership of vacant urban land. Arjomand, 30.

¹¹⁶ 77.

religious foundations, which are only accountable to the Supreme Leader.¹¹⁷ As a result, the Iranian government consists of a large array of government organizations. Many of these institutions are extremely large (reaching up to hundreds of thousands of people), possess their own administrative structures and employees, and have created their own institutional cultures that further promote divisions with other institutions.¹¹⁸ These institutions are also places where politicians, technocrats and intellectuals can produce policy ideas and criticize the government or other institutions. Importantly, because the government is so highly fragmented and has elections that occur regularly, these institutions are able to “regenerate” elites themselves.¹¹⁹ Those elites that lose elections are not expelled but continue to work in the government either in the same organization or in other institutions. This helps ensure that no one elite faction achieves dominance because elites cannot fully sideline and isolate opposing groups.

Along with elite factionalism, the Islamic authority codified in the constitution is another characteristic of the hybrid government and it is perhaps the most consequential and decisive factor that has enabled the Iranian regime to remain in power. At all levels of the official government there are corresponding non-elected bodies comprised of clerics that have the authority to overrule policies of the former. The clergy thus possessed and continue to hold the upper hand when it comes to policy-making. The conflicts between the Majlis and the Guardian Council which, to reiterate, is required by the constitution to approve of the legislation produced by the Majlis, illustrates this well in the 1980s and then later in the 1990s and early 2000s.¹²⁰

¹¹⁷ For a detailed description about the enlargement of the government under the management of the Islamic Republic, see Abrahamian, *A History of Modern Iran*, 168-178.

¹¹⁸ Ibid.

¹¹⁹ 79.

¹²⁰ Disagreements between the two bodies emerged right immediately following the revolution. At issue was the struggle to reconcile legislation with Islamic law. For example in 1981, the Council either vetoed or sent bills back to the parliament that addressed economic matters such as urban land ownership, mineral rights, land distribution, nationalization of foreign trade, and labor law. The Council failed to approve many of these bills since they tended to infringe upon property rights, which were sacred according to Islamic law. (Behdad, 106; Arjomand, 31)

In 1989, the Iranian government passed a series of constitutional amendments that further solidified its rule. It made the transition from an Islamic government based on Shi'a tradition, which stressed the "dualism of religious and political authority," towards a more centralized theocratic state of "collective conciliar rule by clerical elite."¹²¹ The Supreme Leader, of course, remained at the apex of this government and essentially came to possess the same power of a sultan or caliph and who would be to rule in order to serve the interest of the public.¹²² Additionally, in order to finally end the constant legislative tussles between Majlis and the Guardian Council, Khomeini appointed a new regulatory body to the executive branch called the Expediency Council. It is comprised of clerics appointed by the Supreme Leader, including the six clerical jurists of the Guardian Council, but also includes the president and the prime minister. Its original purpose was to mediate and resolve the differences between the Guardian Council and the Majlis and not, as Khomeini wanted, become a third center of power and another group dominated by clergy.¹²³

However, the Expediency Council became just that and more, eventually becoming a full-fledged legislative body that could directly shape government policies. It did this by addressing and amending legislative bills that the Guardian Council and the Majlis did not disagree on; in 1993 the Guardian Council officially decreed that no legislative body could overrule decisions of the Expediency Council. The combination of the Expediency and Guardian Councils and the increased power of the Supreme Leader relegated the Majlis to being primarily

¹²¹ Arjomand, 41.

¹²² 41. The idea of "public interest" is actually a Sunni principle which Shi'a tradition rejects. In Shi'a tradition, Islamic jurists do not possess political authority; they only possess the authority to teach Shari'a law. Khomeini's formulation of the Mandate of the Jurist redefined this tradition. He argued that not only did clerics have the god-given mandate to rule, the Supreme Leader has authority over all other jurists. According to Arjomand, the government has never been able to resolve this contradiction between the traditional Shi'a understanding of authority and the concept of *veleyat-e-faqeh*.

¹²³ 40.

a “consultative body with limited legislative authority.”¹²⁴ Thus at the end of Khomeini’s life, clerical rule became institutionalized and secure.

The Islamic Republic further solidified its authority after the outbreak of the Iran-Iraq War (1980-1988).¹²⁵ Particularly in its early years, the war was crucial for the newly established regime. Iranians, even those who disliked the regime, rallied around the government with nationalistic, patriotic fervor.¹²⁶ The regime linked this sentiment with religion, thereby creating a nationalistic narrative to the revolution itself. In other words, the war provided the regime with an opportunity to strengthen its power by linking Islam, which the regime used to justify its authority, with the potent upsurge of Iranian nationalism.¹²⁷ The war was also a catalyst for state expansion in a wide range of areas. For example, the government increased the size of the military, established new government ministries, censored the media, and promoted Islam in various forms.¹²⁸ The regime’s coupling of religion and nationalism thus served as further justification for expanding and consolidating its power. In this instance, a kind of “cultural religious-nationalism,” so to speak, functioned as an effective and powerful force that the regime could tap into to help strengthen its authority and inspire soldiers going into battle.

The war wreaked havoc upon the Iranian economy. In the first half of the 1980s oil revenue was plentiful, amounting to roughly \$75 billion in revenue.¹²⁹ By the middle of the decade, however, the Iranian economy began to struggle and went into decline. The war proved

¹²⁴ Azimi, 371.

¹²⁵ The Iran-Iraq War began in September 1980, when Iraq invaded Iran, and lasted until 1988. The two countries had a long history of border disputes, most notably about the control over the Shatt al-Arab waterway, the important oil shipping channel to the Persian Gulf used by both countries but controlled by Iran. Saddam Hussein wanted to regain control of the waterway and prevent the Iranian Revolution from spreading into Iraq. Hussein’s ultimate goal, however, was to make Iraq a strong regional power.

¹²⁶ Abrahamian, *A History of Modern Iran*, 176.

¹²⁷ According to Azimi, the regime promoted the war as the “sacred defense” and “a providential gift,” and often evoked martyrdom and sacrifice. (Azimi, 366)

¹²⁸ Abrahamian, *A History of Modern Iran*, 176-182.

¹²⁹ 169.

costly both in lives and treasure, and oil prices fell in the middle of the decade down to \$6 billion in 1986, which resulted in serious restrictions on the regime and the economy.¹³⁰ Tax revenue fell, the economy contracted, the budget deficit rose, and consumer imports the population depended on declined. Poverty affected 65-70% of the population and the unemployment rate reached 15% by 1989. There was not enough housing for the increasing population and the health care system suffered from a lack of resources for much of the healthcare workforce. (Amirahmadi, 293-394)

The conservative establishment, by then firmly in place, was able to not only withstand these economic challenges but was also able to enact economic reforms to address the problems described above while limiting and obstructing the implementation of liberal socio-political reforms. The new pragmatist president elected in 1989, Ali Akbar Hashemi Rafsanjani and the newly appointed Supreme Leader Ayatollah Sayyed Ali Khomeini, quickly implemented liberal economic reforms to open up the economy, including the privatization of nationalized enterprises, the decontrolling of prices, and the elimination of subsidies.¹³¹ They also initiated first of several Five-Year Plans, a big part of which provided over twenty-five billion dollars in foreign investment¹³², opened five free trade zones, and reduced the size of the defense budget.¹³³ Rafsanjani hoped these and other measures would lead to economic growth and ultimately a free-market system.¹³⁴ Conservatives in the government, particularly conservative clerics, applauded and supported these economic policies. In order to pass these reforms, Rafsanjani aligned himself with them, and, with the help of the Guardian Council which had the

¹³⁰ Behdad, 109.

¹³¹ 118.

¹³² Rahnema, 143-144.

¹³³ Abrahamian, *A History of Modern Iran*, 184.

¹³⁴ Behdad, 119. As Behdad states, these were a “standard” World Bank-IMF (International Monetary Fund) neo-liberal economic measures. They aimed to create competition within market, which in turn, would lead to increased productivity and profitability, lower consumption, higher exports and lower exports, and increased employment. It was believed that these and other measures would grow the Iranian economy.

authority to disqualify parliamentary candidates, was able to sideline leftists in the Majlis who advocated for strong government intervention in the economy.

However, gaining the support of the clerics and other conservatives came at a cost: it gradually forced Rafsanjani to essentially abandon his social and political reforms, which he considered essential for promoting economic development. He did achieve some of these reforms, such as the expansion of higher education, the relaxation of restrictions on the press, music and film industry, the establishment of several women's organizations, and the development of civil society.¹³⁵ Beyond these however, the conservatives blocked his other socio-political reforms. Furthermore, the Majlis as well as Khomeini and the members of the Guardian Council also began to oppose Rafsanjani's economic policies. For example, Rafsanjani wanted to emulate China's economic model of development. This would have entailed changes such as reducing subsidies for food, fuel and gasoline; reducing financial support for and supervising of clerical economic foundations called *bonyads*¹³⁶; privatizing nationalized companies; allowing increased foreign capital investment; and granting territorial concessions to foreign oil companies.¹³⁷ According to the conservatives, these policies would have gone against revolutionary principles and values.

The election of reformist President Mohammad Khatami in 1997 proved to be a significant challenge to the conservative establishment. He and other participants of the reform movement, as it became known, wanted to transform the Islamic Republic in a manner that would maintain its Islamic character while adopting democratic political and social reforms.

¹³⁵ Arjomand, 64. In terms of civil society, for example, the mayor of Tehran established cultural centers, built sports centers, shopping malls, and founded the city's newspaper.

¹³⁶ Bonyads are foundations that are led by clerics. They were originally created by the Shah but Ayatollah Khomeini consolidated them after the Iranian Revolution into organizations that aimed to provide relief to the poor. However, bonyads are profit-making organizations that control about 40 percent of the Iranian economy, are apportioned a large share of the state budget (58 percent in 1994), and report only to the Supreme Leader. As a result, bonyads are criticized for corruption, nepotism and failing to help the poor. (Arjomand, 61)

¹³⁷ Abrahamian, *A History of Modern Iran*, 184-85.

Reformists, a large majority of whom were young people, most notably young women, wanted political pluralism (the government banned the formation of political parties), economic growth and the development of civil society. In short, they wanted to restructure the government—Iran’s own *perestroika*.¹³⁸ Specifically, they called for increased “personal freedoms, social justice, privacy, tolerance, public participation in the affairs of the state, consolidation of the rule of law, an open and free press, transparency in government, accountability and an end to corruption.”¹³⁹ Khatami appeared to be the perfect leader of the movement since, as an educated and open-minded intellectual who studied Western thought and history, he embodied the democratic values held by the reformists. His election signified a clear repudiation of Iranian authoritarianism and demonstrated that Iranians wanted change of the status quo and ultimately democracy.¹⁴⁰

The reformists buttressed Khatami’s presidential win with victories in local elections in 1999, the 2000 parliamentary elections, and reelecting him to a second term in 2001. These victories, along with rising oil prices, enabled him to pursue the reformist agenda described above. The government under Khatami allocated oil revenues to develop medical facilities, education, housing, infrastructure (electrical, water), and nuclear installations.¹⁴¹ As a result, literacy rates increased, mortality rates dropped significantly, and the percentage of female university and college students rose. The Majlis passed over one-hundred reforms bills, many of which dealt with the judicial system.¹⁴² Additionally, Khatami also made efforts to improve the

¹³⁸ Arjomand, 99-101. *Perestroika* is the Russian word for the policy to restructure the Soviet Union’s economic and political systems. Eventually, it became associated with the end of the Soviet Union.

¹³⁹ Ehteshami & Zweiri, 6.

¹⁴⁰ Azimi, 381.

¹⁴¹ Abrahamian, *A History of Modern Iran*, 189.

¹⁴² 190. Some of these were bills that banned torture, gave prisoners more legal rights, and gave the president the power to fire activist judges who became too involved with politics and abused their authority.

image of Iran abroad, such as travelling to several countries, hosting a human rights conference, and even accepted a two-state solution in the Palestinian-Israeli conflict.

Despite these gains, the constitutionally granted authority given to the clergy ultimately prevented the reform movement from breaking the authoritarian rule of the clerical establishment. The clergy and their conservative allies employed a broad, long-term strategy in order to contain and counter the momentum towards reform; the reformists may have won elections but their agenda could be stymied in the future.¹⁴³ The clergy's control of the main government institutions, namely, the Guardian Council, the Expediency Council, and the judiciary was their greatest strength.

Khatami's presidency illustrates this point well. In 1998, he appointed the Commission of the Implementation and Supervision of the Constitution. Article 113 of the original draft of the Constitution grants the president the authority to safeguard and implement the constitution. The commission's purpose was to advise Khatami on how to interpret article 113 in order to increase the power of the executive office and weaken the grip on power possessed by the clerical establishment. For example, Khatami attempted to challenge the Guardian Council's authority to disqualify parliamentary candidates and shift the Council's authority of supervising elections to the interior ministry.¹⁴⁴ He also had the opportunity to confront the Judiciary. However, the clergy were too powerful and prevented Khatami from achieving these goals.¹⁴⁵

The clergy and their conservative allies engaged in a variety of other legal or oftentimes violent and repressive strategies in order to stymie the reform movement. In 1998, the conservatives orchestrated the impeachment of Adollah Nuri, the minister of the interior, one of Khatami's most important reformist allies. Nuri's removal signaled to the conservatives that

¹⁴³ Azimi, 383.

¹⁴⁴ Abrahamian, *A History of Modern Iran*, 190.

¹⁴⁵ Arjomand, 100

they could be successful in their effort to counter the reformist agenda.¹⁴⁶ The Guardian Council continued to veto the majority of reform bills passed in the Majlis and also increased their effort to disqualify parliamentary candidates. In other instances the Council reviewed legislation that had little to do with adhering to Islamic principles such as in 2001 when the Expediency Council supported the Guardian Council's rejection of the budget passed by the Majlis.¹⁴⁷ In terms of repressive measures employed by the conservatives, the judiciary forced the closure of dozens of reformist-leaning newspapers and arrested intellectuals who criticized the regime or Islam or both. The conservatives also used the muscle of the Revolutionary Guards¹⁴⁸ and organized vigilante militias called the *basij* to tamp down anti-government organizing or protests, such as a protest gathering at Tehran University.¹⁴⁹

Eventually, the pressure from the conservatives within the regime proved to be strong for reform movement. This, and the fact that Khatami himself was, as many of his supporters complained, too passive and compromising in his leadership.¹⁵⁰ As a result, Khatami lost much of his support, most of whom became disillusioned and apathetic with the reform movement and politics in general. However, Khatami became president in a context in which unelected bodies—the Guardian Council, the Expediency Council, and the judiciary—essentially dictated government policy-making, and in which the government's ideological institutions and repressive security apparatuses all blocked the reform movement.¹⁵¹

¹⁴⁶ Azimi, 385.

¹⁴⁷ 100-101.

¹⁴⁸ The Revolutionary Guards is a large and well-equipped and armed branch of the military which purpose is to defend the regime against internal and external threats and any challenges to Iran's Islamic character. It also has powerful economic, social and political influence within Iran. A longer description can be found here:

<http://www.cfr.org/iran/irans-revolutionary-guards/p14324>

¹⁴⁹ Abrahamian, *A History of Modern Iran*, 190.

¹⁵⁰ For example, he decided to call off a reform bill passed by the Majlis that would have reformed the press law (because Ayatollah Khomeini threatened to block it), but his complaints against this and other conservative anti-reform efforts were rather weak.

¹⁵¹ Bayat 123.

The failure of the reform movement coincided with a continuing faltering economy that was still dependent on oil revenues, and it led to conservative electoral victories between 2003 and 2005, that latter being the election of the conservative-populist president Mahmoud Ahmadinejad. In the June 2009, presidential election aspirations for democratic reform rose once again. Former prime minister (1981-1989) Mir Hussein Mousavi ran against Ahmadinejad as a reformist candidate. Mousavi did not win but it was widely accepted that the election was rigged in favor of Ahmadinejad. This sparked protests called the ‘green movement’, but the regime deployed the police and *basij* militias to violently suppress the movement, effectively eliminating the threat to the regime’s power.

This examination of Iran demonstrates that both external and particularly internal factors contributed to the persistence of authoritarianism in Iran. This chapter therefore presents a more nuanced explanation as to why this has been the case rather than focusing on Iranian oil. The Shah’s record as Iran’s monarch as perhaps the key factor that led to his demise and the emergence of the Islamic Republic and thus the continuation of authoritarianism in Iran. Iraq’s invasion in 1980 was an immediate boost to the new regime. The regime took advantage of the patriotic fervor that erupted and developed a nationalistic-religious narrative that it could use to legitimize and widen its authority. The elite factionalism and the constitutionally granted authority of the clergy are also essential factors. The former kept any aggregation of interests at bay that could challenge the clergy for power and the latter has prevented fundamental democratic reforms from taking place.

Oil revenues were and continue to be an integral component of the Iranian economy and an important source of revenue for the Islamic Republic. They, however, cannot entirely account for the political context in Iran since the revolution in 1979. As explored in this chapter, the

political structures of the Islamic Republic arose out of the complex social, political and economic context of the Pahlavi regime. Once in place, the new government used different mechanisms and strategies to maintain its hold on to power.

C. Enduring Authoritarianism in Iran and the ‘Arab Spring’

The Arab Spring, the ongoing (as of this writing, March 2012) revolutionary wave of protests in the Middle East that began in late December 2010, has witnessed protests calling for democratic reform across the region and the toppling of authoritarian regimes in Tunisia, Libya, and Egypt. It remains to be seen whether those successful revolutions will result in the emergence of real democratic outcomes¹⁵² and the Arab Spring thus far has failed to make any kind of real dent in the Iranian regime, much less toppling it. So, the important questions to explore at this stage are: what does the Arab Spring tell us about the persistence of authoritarianism in Iran, and, does the plentiful supply of oil revenue sufficiently explain the regime’s continued survival in the face of regional upheaval?

Despite the uprisings in 2009, the Iranian regime has stayed in power and been largely bypassed by the events of 2011. On the surface, these facts would seem to validate the rentier state theory since Iran is an authoritarian oil-producing country. However, the Islamic Republic’s continuing resilience has more to do with the evidence presented in this chapter than the argument of the rentier state theory. To be sure, the Iranian government invests its oil revenues in various ways to help maintain its position in power, including funding a powerful security apparatus¹⁵³ to clamp down on all anti-government protests. It has been argued that

¹⁵². Currently, Islamist political parties, often repressed by autocratic governments, have proven to be a major force thus far in the Arab Spring and there is a weariness among secular Arabs that they may implement strict, undemocratic Islamic rule. Additionally, there is also a fear that previous state bureaucracies will remain intact and block democratic development.

¹⁵³ The current Iranian security apparatus is comprised of the Ministry of Intelligence and Security (the VEVAK, an antecedent of the SAVAK), the Revolutionary Guards and the *basij* militia.

security apparatuses in the Middle East distinguish the region from other factors that contribute to the persistence of authoritarianism.¹⁵⁴ In other words, authoritarian governments, like Iran and Saudi Arabia, remain in power because they employ their oil-funded security apparatuses to crush dissent. However, oil alone cannot account for the persistence of authoritarianism in Iran.

The 2009 presidential election illustrates this point well but before discussing how, it is necessary to review the election itself. As with the previous presidential campaigns since the late 1990s, the 2009 election was about what kind of government ought to preside over Iran. Once again, it pitted Islamists vs. reformists. The election was about a fundamental choice between a continuation of Islamic authoritarian rule and the beginning of a truly democratic state.

Ahmadinejad advocated for a continuation of his populist policies that benefitted the urban and rural poor as well as government workers. The reformist candidate, Mousavi, campaigned, among other issues, for increased economic liberalization and less government control of the economy. The middle and upper classes as well as large segments of the youth population were his main supporters.

Discontent with an authoritarian government was a major reason in galvanizing support for the opposition movement but socioeconomic factors, such as the decrease in oil prices, the global economic recession and high unemployment played a role as well. The roots of the green movement however can be traced back to the previous one hundred years of Iranian constitutionalism.¹⁵⁵ Iranians have demanded more representative governments on many occasions and it is this sentiment that led to the overthrow of the Pahlavi monarchy, the democratic reform movement in the late 1990s and most recently the 2009 protests. The immediate cause of the 2009 protests after the election was the widespread belief among many

¹⁵⁴ Bellin, Eva. "The Robustness of Authoritarianism in the Middle East: Exceptionalism in Comparative Perspective." *Comparative Politics* 36, no. 2 (January 2004): 139-157

¹⁵⁵ Azimi, 444.

Iranians and foreign observers that the reelection of Ahmadinejad was fraudulent.¹⁵⁶

Some of the same factors that account for authoritarianism in Iran discussed in this chapter help explain why the government withstood the election protests. The Iranian government's political structures is one crucial factor. When one examines the political context of the election closely and the government structures of Iran, it is apparent that the constitutionally granted authority of the clergy places the conservatives in the government at a significant advantage. If considered by itself, the successful government crackdown of the protests would add weight to the rentier state theory, since, as noted above, it asserts that regimes oil revenues contribute to the creation and maintenance of a security apparatus. While this is certainly true, the fact is that ideas matter as well, and in this instance, a great deal. The conservatives are at the helm of the government and they have support among key sectors of society precisely because of their religious and nationalist vision. Additionally, controlling the government gives them the control of "key instruments of power": the military, the state media, the judiciary and the aforementioned *bonyads*.¹⁵⁷ They also, of course, control the NIOC¹⁵⁸, which supplies the government with a key source of income. All are powerful tools that provide the regime with a significant amount of control over society and enable it to withstand challenges to its authority.

Furthermore, the role of religion in the 2009 election and after is important, and reflects how revolutionary Shi'ism has helped sustain the current regime during the last three decades. As standard bearer and protector of Shi'a Islam, the Iranian government not only has had a significant constitutional advantage in controlling important institutions as well as in blocking

¹⁵⁶ For an analysis of the election results, see: Ali Ansari, Daniel Berman and Thomas Rintoul. "Preliminary Analysis of the Voting Figures in Iran's 2009 Presidential Election," *Chatham House* (June 2009). <http://www.chathamhouse.org/sites/default/files/public/Research/Middle%20East/iranelection0609.pdf>

¹⁵⁷ Ehteshami & Zweiri, 34-35.

¹⁵⁸ The NIOC must adhere to "government directives on what projects to pursue." (Marcel, 85)

the previous reform efforts led by Khatami, it also has been able to generate significant amounts of political support among devout Muslims and urban and rural poor by promoting and advocating Islamic revolutionary principles and values. Thus, the regime has been able to tap into the deeply entrenched cultural/religious reservoir of Iranian society to obtain support on various occasions. As described earlier, this was important during the Iran-Iraq War. It was also a significant factor during the Ahmadinejad's election campaign in 2005 as well as in 2009. In both elections, he promised to invest oil revenues into programs to fight poverty and promote social justice, two important elements of revolutionary ideology. As a result, even if there were widespread electoral fraud during the 2009 election in his favor, Ahmadinejad still garnered a significant amount of support from a large swath of society, which gave his election and the regime legitimacy to rule in the eyes of many Iranians.

The factors described above explain why the Islamic Republic has been able to endure the Arab Spring, and, ultimately why authoritarianism persists in Iran. Iran's oil plays a major role in supporting the regime, but, on its own, is not a sufficient explanatory variable to really capture the country's external and internal contexts. The Iranian government is highly complex and fractured, with different interests vying for different aims. Elite factionalism within the government, the prominence of religious belief and conservatism in Iranian society, and the fact that the clergy is at the apex of the government's political structures, are some of Iran's key features that have contributed to the regime's survival. They are also the same factors that, thus far, have stymied the Arab Spring from making a real impact in Iran. Therefore it is inaccurate to assert that the Arab Spring has failed to bring about fundamental change to Iran simply because of oil. There is simply more to the picture than this.

Chapter IV: The Case of Saudi Arabia

A. Historical Overview

On the surface, the reason for the persistence of authoritarianism in Saudi Arabia is simple: it is ruled by an authoritarian government, a monarchy, and possesses abundant amounts of oil. In fact, it is perhaps the best example of what a rentier state should look like. To be sure, oil has had a tremendous impact on the Saudi state and society. Yet, similar to the Iranian case, focusing on oil tends to exclude significant variables—the state’s political structures, the monarchy’s reemphasis of its Islamic character and that of the country in 1979, and the Saudi-American relationship—that have contributed to the monarchy’s staying power. Before delving into these areas, it is necessary to describe Saudi Arabia’s modern history in order to understand the context in which they will be explored.

Saudi Arabia was officially formalized in 1932 as constitutional monarchy. However, as mentioned in Chapter II, its more accurate origination dates back to 1915 when the British and leader of the Al-Saud emirate Najd¹⁵⁹, Abd al-Aziz al-Saud (more commonly known to foreigners as Ibn Saud), signed a pact. Ibn Saud agreed to give up sovereignty rights for British protection from other emirates that also were vying for regional dominance.¹⁶⁰ In return, the British supported his conquest of other emirates because they thought he would be a reliable client and this would expand the influence (and territory) of the British Empire. As a result, Saudi Arabia effectively became a client state, dependent on Britain for protection, despite an earlier agreement (1927) recognizing Saudi Arabia’s independence.

The United States eventually replaced Britain as Saudi Arabia’s protector and guarantor of sovereignty. ARAMCO (Arabian American Oil Company) discovered oil in

¹⁵⁹ An emirate is a relatively small political territory ruled by a Muslim prince called an *emir*. Najd is located in the center of the peninsula.

¹⁶⁰ Vitalis, 4.

Saudi Arabia 1933 and began drilling two years later at Dhahran, a city located in the eastern portion of Saudi Arabia called the Eastern Province. During WWII and afterwards oil proved to be a critical natural resource for the world's economies and militaries. For the United States, oil powered the American military and the American economy. Securing its supply was thus critically important to U.S. economic and strategic interests.¹⁶¹ The United State's sought to secure future access to Saudi oil by strengthening its ties with the Saudi Arabia. It did this by various means such as building a military airfield at Dhahran in 1943, the use of which was important for the U.S. military during the Korean War in the 1950's, and increased economic aid. The ties between Saudi Arabia and the United States continued to be strong during the next several decades, even after ownership of ARAMCO gradually transitioned to the Saudi government. The Saudi's attained full control in 1988 and changed the name of the company to Saudi Aramco.

Foreign interest in oil was not the only consequential characteristic of Saudi Arabia's history that shaped the country's political structures, society and future. According to Toby Jones (2010), the monarchy's decision after WWII to gain control over the environment—water and land—was equally significant. Being a mostly arid country, Saudi Arabia possesses little arable land, forcing the government to import food and water. The only arable lands are those that surround oases, which were dispersed throughout the country. However, the eastern portion of Saudi Arabia, the Eastern Province, contains an abundance of oases. The al-Hasa and Qatif oases are the largest of these.

The monarchy recognized that control of the environment would enable it consolidate its political power and sustain its rule—whoever controlled the Eastern Province and its resources

¹⁶¹ 64.

would have the ability to control the people who depended on the life sustaining resources there. Accomplishing these objectives would ensure sources from which to collect taxes, ensure a supply of labor, safeguard national security, increase food production and establish control over people's use of land.¹⁶² For example, the government constructed the al-Hasa Irrigation and Drainage Project (IDP) between 1964-1971 to irrigate lands containing two million date-palm trees.¹⁶³ For various reasons, including a considerable decrease in water levels, the project failed to reach its goal of increasing the amount agricultural output, though it was a means through which the state firmly asserted itself in the region. The project had an enormous impact on the socio-economic conditions in the al-Hasa oasis, the only area in the kingdom where Shi'a and Sunni Muslims lived together. The IDP project and its ramifications are discussed further in the next section.

In addition to taming the environment, economic development, social growth, and modernization also concerned the monarchy. It largely achieved these goals by the 1970s. The monarchy established new government institutions such as the Ministry of Defense and Civil Aviation and Ministry of Interior, and increased the overall size of the state bureaucracy.¹⁶⁴ It also invested state funds in industrialization, education, and in social services such as hospitals and social security. By 1973, Saudi Arabia had become an interventionist state; a welfare state; a liberal state (in terms of favoring the merchant class in the traditional merchant towns located in the western province, the Hijaz, and ARAMCO's operations in the Eastern Province); and an authoritarian state.¹⁶⁵ Crucially, the business class and the states' fiscal administration forged economic linkages with each other, creating networks through which the government collected

¹⁶² Jones, 10.

¹⁶³ 94-95. The project collected the water from the oases and distributed it through an enormous system comprised of thousands of miles of concrete canals and numerous pumping stations.

¹⁶⁴ Hertog, 14.

¹⁶⁵ Menoret, 99.

and managed information about the economy and thus properly redistribute resources throughout the country based on the information it gathered.¹⁶⁶ In other words, the state learned how to regulate the economy efficiently.

However, the massive revenues Saudi Arabia received during the Oil Boom years resulted in the scaling back of sound economic regulation and the dismantling of decades of modernization. Before the boom years in the 1960s, world crude oil prices were approximately \$5 per barrel but by 1980 they reached to \$40 per barrel (prices increased in 1973 as a result of the OPEC imposed Arab Oil Embargo, which was a reaction to the American support for Israel during the Yom Kippur War).¹⁶⁷ During this period, Saudi Arabia accrued over one hundred billion dollars in oil revenues by 1980. As a result, the state's economic policy shifted from one of redistribution of taxes to one of distribution oil revenues in the form of real estate, industry, agriculture and social service subsidies.¹⁶⁸ The discontinuation of the states' economic regulatory capacity terminated the source of legitimacy (modernization) it had depended on for decades prior to the oil boom.¹⁶⁹ The oil boom, then, augmented Saudi Arabia's 'rentier' characteristics and, for many, solidified the perception of Saudi Arabia as simply a state whose authoritarian rule was and continues to be, based primarily on oil revenues.

The current state of the economy reflects this perception. As stated earlier, the oil industry is by far the largest sector in the Saudi Arabian economy. According to the U.S. Energy Information Administration, as of 2010, Saudi Arabia is the largest producer and exporter of petroleum liquids in the world and possesses one-fifth of the world's proven oil reserves. Saudi Arabia's GDP in 2010 was \$434.6 billion and oil export revenues have generally amounted to

¹⁶⁶ 107.

¹⁶⁷ United States Energy Information Administration: <http://www.eia.gov/totalenergy/data/annual/index.cfm> [accessed 12-29-11]

¹⁶⁸ Ibid.

¹⁶⁹ 109.

80-90% of Saudi revenues and 40-50% of GDP in recent years.¹⁷⁰ The monarchy has initiated privatization measures in order to diversify the Saudi economy in areas such as telecommunications and natural gas and it is also developing nuclear power. In light of this information, it is apparent that Saudi Arabia is heavily dependent on its oil reserves. However, the next section will demonstrate that many factors contribute to the monarchy's resilience.

B. Regime Resilience: Mechanisms, Strategies and Political Structures of the Saudi State

By viewing Saudi Arabia as only an oil producing country, there is a tendency to overlook other important factors including its internal social, economic, and political conditions. The political structures of the Saudi monarchy is one such factor. Examining these structures sheds light on the relationship between oil, politics and society in Saudi Arabia and complicates two important claims of the rentier state theory—namely, that oil revenues alone shape political structures, and that governments dependent on oil revenues (or other 'rent' income) are to a large degree autonomous from society. According to Herb (1999), the Saudi state has survived because it is a 'dynastic monarchy,' of which there are several in the Gulf region including Qatar and Kuwait. Herb defines a dynastic monarchy as a government ruled by a royal family, whose members occupy senior government positions, such as those in ministries and cabinets, as well as lower level leadership positions throughout the government.

Family consensus decides the succession of rule in dynastic monarchies. This consensus-making process entails a large amount of bargaining.¹⁷¹ The king retains and ensures his authority by securing the support of certain family members, specifically sheiks and princes, in return for appointments in senior bureaucratic posts in the state, such as in the aforementioned ministries and cabinets. High-ranking family members bargain with the aspiring ruler for these

¹⁷⁰ U.S. Energy Information Administration, "Saudi Arabia, Analysis": <http://205.254.135.7/countries/cab.cfm?fips=SA> [Accessed January 14, 2012]

¹⁷¹ Herb, 10.

positions and in return they support him. The amount and extent of bargaining within the family increased significantly when the size of state grew after the discovery of oil, as family members vied for leadership posts in the new state institutions.

The distribution of these and other government positions of authority to members of the royal family, as well as the succession of rule process, are essential mechanisms that have enabled the Saudi monarchy to maintain its hold on to power.¹⁷² Limiting these positions to the family ensures that the family retains control of the state bureaucracy. These procedures also restrict policy or succession of rule disagreements to within the family and prevent internal fracturing which may threaten the ruler's authority and that of the monarchy itself.¹⁷³ The family discusses and resolves any problems or issues without the interference of those outside it who may want to challenge its absolute rule. All of these factors guarantee that the royal family maintains control of Saudi Arabia.

Furthermore, it is essential to state here that these political conditions—a dynastic monarchy where positions of authority are allotted to family members and where the family adheres to a strict hierarchy—existed before the discovery of oil in Saudi Arabia and have remained in tact ever since. Saudi culture, therefore, shaped the structures of the Saudi monarchy rather than oil wealth. Additionally, as the size of the government grew, oil wealth gave elite family members significant leeway in creating bureaucracies according to their interests and wishes. Moreover, while oil gave them the freedom to make political decisions about the structure and operations of new state agencies and organizations, it did not “predetermine” these choices but instead furthered choices that were made for other reasons.¹⁷⁴

¹⁷² 26.

¹⁷³ 10.

¹⁷⁴ Hertog, 14.

All of this is not to suggest that oil did not have *any* effect on the development of Saudi Arabia's political structures. Clearly, oil revenues funded the expansion of the state bureaucracy both in terms of the number of government institutions and public sector jobs. However, oil wealth did not determine what these structures and various institutions would look like. Rather, elite royal family members made these decisions. Over time, they created a type of government what Hertog (2010) calls a "hierarchical, vertically divided hub-and-spoke system," in which there are three levels: the macro, meso, and micro levels.¹⁷⁵ The king and senior family members comprise the macro-level, i.e., the 'hub'; the 'spokes' are the state agencies and organizations that comprise the meso-level; and the smaller "individual organizational units and bureaucrats" located within meso-level organizations that constitute the micro-level. Many links between state and society exist at the micro-level, as "small-scale personalized networks" between micro-level employees and members of society facilitate the dispersing state resources.¹⁷⁶

According to Hertog, even though these political structures are organized in a 'top-down' fashion (where the leadership at the macro-level decides what national policies to pursue), they are quite fragmented; the state has both efficient and inefficient parts. For example, fragmentation occurs when political elites increase the number of institutions to the government during oil surpluses.¹⁷⁷ These additional organizations increase the size of an already large state bureaucracy, which by its nature is already inefficient. On the other hand, some "islands of efficiency" exist within the government, primarily ministries such as the Saudi Arabian

¹⁷⁵ 11.

¹⁷⁶ These personalized networks are administered by individuals called "brokers." Their role is described in more detail towards the end of the chapter.

¹⁷⁷ 5.

Monetary Agency (SAMA), and are led by technocrats that specialize in certain areas.¹⁷⁸ The main characteristic of all of these agencies is the fact that they answer only to the macro-level of the government.

This description of Saudi political structures is important because although oil has had a tremendous impact on Saudi Arabia, both Herb and Hertog make clear that al-Saud family members shaped what Saudi political structures looked like more so than any other factor. As Hertog states, “there is no automatic mechanism that produces corruption, rent-seeking, and a weak bureaucracy.”¹⁷⁹ The family retained its pre-oil political structures and placed its members in leadership positions throughout the government after oil revenues funded the expansion of the bureaucracy. Furthermore, the authors demonstrate that even though oil wealth has provided the monarchy with a high level of autonomy, there are no distinct boundaries between it and Saudi society. In other words, similar to what Jessop and Mitchell discussed in Chapter II, Saudi Arabia’s state and society boundaries overlap. Saudi society does in fact have the capacity to affect the state in significant ways, something for which the rentier state theory does not account.

The implementation of government policy similarly illustrates this point. When leaders in the macro-level order a policy to be implemented, it typically gets bogged down and reshaped in the meso and micro-levels of the government.¹⁸⁰ On the meso-level, state agencies, because there are so many of them, have the ability to “veto” certain parts of policies.¹⁸¹ The same essentially occurs on the micro-level. Administrators at these levels often delay the

¹⁷⁸ 28-29; 56. According to Hertog, the Saudi monarchy established SAMA, Saudi Aramco, the Saudi Ports Authority and other large state agencies as separate, insulated institutions from the rest of the government and allows them to operate according to their own rules and procedures. Technocrats working in these agencies are usually highly trained, Western educated individuals.

¹⁷⁹ Hertog 3.

¹⁸⁰ 11.

¹⁸¹ 31.

implementation of or interpret policies in different ways. Thus the meso and micro-levels make it difficult for the government to enact many of its policies.

Hertog discusses the government policy project of increasing the numbers of Saudis in the private sector, called “Saudization”, as an example of this.¹⁸² Saudization highlights the overlapping boundaries of the state and society and challenges the claim of the rentier state theory that the former is autonomous from the latter. The oil boom in the 1970s attracted large numbers of foreign private sector workers to Saudi Arabia and their numbers soon exceeded that of Saudi workers. This trend continued in the 1980s, 1990s and persists today. The public sector could not afford to expand indefinitely to accommodate for the steadily increasing number of Saudi graduates looking for work. Additionally, the number of available private sector jobs was (and still is) much lower than that of government jobs, and they typically offered lower wages as well so there was little incentive for Saudis to earn business degrees. As a result of these factors, among others, the economic and political climate of the kingdom was vulnerable to instability.¹⁸³ Saudi rulers recognized that the only way to Saudiize the private sector, as well as increase its size, was through various government regulations. Ultimately, the monarchy understood that economic growth could only come from the private sector.

Regulations came in the form of several government decrees, the first of which, Decree 50, was issued in 1995. It mandated that all businesses increase the number of Saudi employees by five percent every year.¹⁸⁴ Subsequent decrees mandated similar requirements. Other regulations included raising the fees for work and residency permits for foreign workers in order to encourage businesses to hire Saudi nationals. However, the fragmented structures of the government discussed above prevented the proper implementation and enforcement of

¹⁸² 186-187.

¹⁸³ 185.

¹⁸⁴ 194.

Saudization. Several factors, including confusing and inconsistent rules, the sheer size of government agencies, the interplay of the micro, meso and macro levels within them, and informal networks between state employees and society that bypass regulations, have given lower levels of government the ability to ‘veto’ certain parts of Saudization and other state policies.

In addition to its political structures, the monarchy has employed a number of strategies in order to reinforce its rule. The state’s reemphasis of its Islamic character in 1979 in response to Islamic uprisings (described below) in the Muslim holy city of Mecca and the Eastern Province was one such strategy.¹⁸⁵ The unrest of the latter will be discussed here. The strategy is directly related to the discussion earlier in this chapter about the monarchy’s aim to control the environment in the Eastern Province—oil and water—in order to gain legitimacy domestically and abroad and to increase its power. The upswell in Islamic radicalism and opposition forced the Saudi state in the 1980s and beyond to reemphasize its Wahabi identity in order to counteract the Islamic ideology espoused by the radical Shiites in the Eastern Province as well as the radical Sunnis in Mecca. Ultimately, the strategy was a political decision to help the monarchy stave off Islamic dissent and justify its rule. In terms of this thesis, it serves as an alternative example to the argument (of the rentier state theory) that oil that rent income, in the form of oil revenues, is the primary reason for the persistence of authoritarianism in Saudi Arabia. The strategy also demonstrates, how different factors can shape government policy.¹⁸⁶ In Saudi

¹⁸⁵ It should be made clear that Wahabbist Islam was central since the establishment of Saudi Arabia and remains so to the Saudi state. Many conservative Muslims considered the state’s modernization efforts to be moving the country away from core Islamic values.

¹⁸⁶ The strategy also draws attention to the fact that rentier state theory doesn’t recognize the role that religion plays in shaping government policy and providing legitimacy to the regime. The strategy was a political decision, but it was advocated by significant pressure from religious conservatives.

Arabia, the monarchy's reemphasis of Islam was the result of poor policy-making rather than a strategy prompted by oil wealth.

The origins of the unrest in the Eastern Province stemmed from the government's refusal to acknowledge the "socioreligious and hierarchical system" in the al-Hasa oasis from the 1950s onward.¹⁸⁷ As mentioned earlier, the oasis was home to a mixed population of Sunnis and Shiites who lived either in the area's cities or villages. In the cities, Sunnis mostly constituted the upper class (earning a living as traders) and the majority of Shiites were craftsmen. In the villages, Shiites comprised the lower classes (craftsmen, agricultural laborers and small farmers) and Sunnis comprised the upper class (large landowners). The relationship between the Sunnis and Shiites in cities and the villages was neutral at best. However, the relationship between the Shiite population and the Sunni monarchy had always been acrimonious because of religious differences. As adherers of Wahhabism, an anti-Shiite branch of Islam, the monarchy's rulers viewed the Shiites in al-Hasa with disdain and repeatedly ignored their presence.¹⁸⁸

This trend continued during and after the completion of the IDP project in 1971. The project, though promising at first, depleted water levels which in turn decreased the amount of land available for cultivation and in the end, the project thus failed to significantly increase agricultural output. Large landowners, most of whom were Sunni, were able to survive because they owned the larger tracts of land. Smaller Shiite farmers could no longer continue working as farmers and were forced to move to urban areas or work as agricultural laborers for the

¹⁸⁷ Jones, 106.

¹⁸⁸ Ibid. For example, when ARAMCO anthropologist Federico Vidal wrote report in 1955 detailing the social structures of the al-Hasa oasis, the government did not publicly discuss the Shiites living in the area, thereby keeping them out of the public record.

landowners. Thus far from benefitting the entire population of the oasis, the project reinforced the hierarchical social structure described in Vidal's report.¹⁸⁹

The IDP project was part of the government's overall modernization efforts. The government declared in 1962 that it would pursue development aims of controlling and maximizing the use of natural resources, creating self-sufficient agriculture, and investing in industry and infrastructure. The Shiites living in the Eastern Province, however, saw very little of this development and continued to experience not only discrimination but they also suffered from poor living conditions (water pollution, disease, old water and sewage infrastructure). The situation was the opposite in cities in the province, Damman, Dhahran and al-Khobar, which had greatly benefited from government development. As a result, decades of uneven development socially and politically marginalized small coastal towns and villages that used to be centers of commerce and a vibrant cultural life.¹⁹⁰ Alienated Shiite residents expressed their frustration in local newspapers but the government rejected and suppressed their concerns.

Thus in effect, by ignoring the Shiite's grievances for decades, the monarchy allowed opposition to accumulate to a breaking point where some of them turned to Shi'a Islam "as a framework within which to express political dissent."¹⁹¹ This frustration manifested itself in the November 1979 protests.¹⁹² The decades of social, political and economic marginalization, proved to be too much to bear for the Shiites in the Eastern Province. The accumulation of all of these factors resulted in a major political shift in the province in the late 1970s: the formation of a radical Shi'a Islamist movement that was frustrated with their subservient living conditions and

¹⁸⁹ 132.

¹⁹⁰ 142-143.

¹⁹¹ 176.

¹⁹² According to Jones, though the Islamists in Mecca and the Eastern Province were opposed to the government, their reasons for doing so were different. Those in Mecca believed that the state's modernization and enormous oil wealth resulted in the abandonment of conservative Islamic values, values on which the government was originally based. The Shiite opposition in the province, on the other hand, was disillusioned with the inequality of development and social alienation conducted by the state. (215)

infused with ideological fervor against the government.¹⁹³ It is important note here that the January 1979 Iranian Revolution, in which Shi'a Islam served as its ideological base, significantly influenced and energized the Shi'a Muslims in the Eastern Province, though it did not directly lead to the uprising there.¹⁹⁴ The Islamic Republic wanted to assert and increase its influence in the region. For example, it actively supported the Shi'a uprising in the Eastern Province in order to try to undermine Saudi Arabia from within.¹⁹⁵

The monarchy recognized how vulnerable it was after the protest and that it needed to reinforce its Islamic credentials in order to undermine the strength of the Islamic opposition.¹⁹⁶ Specifically, it enhanced the power of religious authorities, increased the emphasis of Islam in the education, suppressed anti-Islamic behavior, and bolstered the image of Saudi Arabia as an Islamic state to the rest of the world.¹⁹⁷ The monarchy also increased the authority of the religious police, who enforced strict adherence to Wahhabi codes of social behavior, and built new religious schools (madrasas) and universities that promoted the study of Islam.¹⁹⁸ The result was a government in the 1980s that based its legitimacy not on modernization, development, science and expertise, but rather, to one that based its authority on Islam; it essentially renewed Saudi Arabia's national identity back to Islam.¹⁹⁹

In addition to emphasizing its Islamic identity and promoting Islam in the kingdom, in the 1980s and beyond, the Saudi government also strengthened its ties with the United States.

¹⁹³ 184.

¹⁹⁴ While the Iranian Revolution certainly inspired the Shiites in the province, "the uprising reflected the convergence of external factors with specifically local grievances and objectives" (186). In other words, the uprising had more to do with particular circumstances within the province than inspiration from the Iranian Revolution.

¹⁹⁵ Al-Rasheed, 156.

¹⁹⁶ Jones, 220-221.

¹⁹⁷ Niblock, 71.

¹⁹⁸ Jones, 221.

¹⁹⁹ Jones 217. This is not to suggest that it had embraced a secular vision of modernity. Rather, critics of the government believed that the materialism produced by the oil wealth had overcome Saudi Arabia.

By protecting the monarchy, the United States has, in effect, actively supported authoritarianism in Saudi Arabia. The theory does not acknowledge this fact or the significantly consequential role it plays. As outlined at the beginning of this chapter, the economic, political and military relationships between the United States and Saudi Arabia were already well established and continued to serve the interests of both countries. By 1980, the United States was the biggest investor in the Saudi oil industry and sold the most arms to the kingdom. Saudi Arabia, in turn, eventually “became the largest investor in American banks, treasury bonds and real estate.”²⁰⁰

These linkages, however, reveal a crucial fact about the Saudi Arabia: it has an authoritarian system of government but a weak and fragmented military despite the enormous sums of money invested in it. The vast amounts of oil wealth at monarchy’s disposal would predict an authoritarian regime as well as a strong military to support the government, but this is not the case in Saudi Arabia. Saudi Arabia developed strong military ties with the United States to ensure the external security that a military would typically provide. In other words, American military protection has effectively taken the place of a strong Saudi military.

According to Ayubi (1995), this situation is due to Saudi Arabia’s internal security conditions. The fear of a military takeover of the government, which almost occurred on several occasions between the 1950s and 1970s, prevents the monarchy from creating a robust armed forces. To ameliorate threats originating from the military, the monarchy has resorted to various measures, including providing senior officers with financial and material rewards, balancing different military branches off each other, assigning top military posts to officer-princes, increasing wages, and improving living and training conditions.²⁰¹ Ultimately, the monarchy has

²⁰⁰ Vassiliev, 398.

²⁰¹ Ayubi, 283. Tribal politics have played a role too. The National Guard is comprised of recruits from the western coastal region of the country, the Hijaz, which is an historical rival to Najd, the region located in the center of the country and where the capital, Riyadh is located. The Guard has served as a counterweight to the army.

essentially created a decentralized military, one that is unlikely to attempt a coup. The United States, too, did not fully advocate for the development of a strong Saudi military because, as Ayubi states, it feared a military coup just as much as they did any external threat to the kingdom. Maintaining regional stability was and continues to be America's utmost concern and protecting Saudi Arabia, even if that meant supporting an authoritarian government, was a key component of those efforts.

This was important throughout much of Saudi Arabia's history but the monarchy strengthened its relationship with the United States even more during and after the 1980s. Both countries shared mutual interests during several geopolitical events over this period: the fall of the Shah in Iran in 1979²⁰², the Soviet Invasion of Afghanistan in October of 1979²⁰³, the Iran-Iraq War (1980-1988)²⁰⁴, the first Gulf War (August 1990-February 1991)²⁰⁵, the rise of radical Islamic terrorism in the 1990s²⁰⁶, and Iran's current rise as a major regional player in the

²⁰² The fall of the Shah in Iran in 1979 left Saudi Arabia as the remaining country in the United States' geostrategic 'twin pillar' policy. This was the American strategic policy during the Cold War to prevent Soviet expansion or influence in the Middle East. Iran and Saudi Arabia were the two 'pillars' of this policy. According to Niblock, the United States believed that "security of Saudi Arabia and the survival of its regime were necessary for the economic stability of the Western world." (Niblock, 145).

²⁰³ The Soviets invaded Afghanistan because they wanted to protect the pro-Soviet, Marxist government there, called the Democratic Republic of Afghanistan, that came to power in April 1978. In December, the Afghan government signed a treaty with the Soviets which stipulated that the latter would provide the former with military support. The Soviets agreed to do so the following year in increasing deployments to the eventual full-scale invasion in October. The Soviet invasion and decade-long occupation of it prompted the United States and Saudi Arabia to pour resources in to the Afghanis fighter counter-insurgency effort against the Soviets. By supporting the Afghan fighters, who believed they were fighting essentially a holy war against the Soviet Union, Saudi Arabia was able to bolster its Islamic credentials in the kingdom, thereby protecting itself against internal religious opposition. (Niblock, 147-149)

²⁰⁴ Iran was more vocal in its anti-Saudi rhetoric and thus seen by Saudis as a greater threat (Vassiliev, 469). Thus the Saudi government, as well as other Arab states, and the United States, supported Iraq in the war and provided it with various forms of military assistance as well as several billion dollars worth of financial assistance.

²⁰⁵ Iraq invaded Kuwait in August, 1990 in order to take control of the oil fields there. The British granted Kuwait independence after WWI, but Iraq had always considered Kuwait to be a part of its territory. Because Saudi Arabia could not protect itself from potential military engagements with Iraq, it requested the United States to repel the Iraqi army. In return, Saudi Arabia agreed to allow the United States to establish bases and undertake its military operations against Iraq from there.

²⁰⁶ The longstanding ties between the United States and Saudi Arabia helped foster radical Islamism in Saudi Arabia and elsewhere. The fall of the Soviet Union in 1991 signified the end of the communist threat towards Saudi Arabia. However, Saudis, especially religious and radical Muslims, most notably Osama bin Laden, had always resented the American-Saudi partnership. This sentiment reached a boiling point when American troops arrived in Saudi Arabia.

aftermath at the end of the Second Gulf War (2003-2011)²⁰⁷. Discussing each of these in detail would be far too long for this thesis, however each illustrates the extent to which both Saudi Arabia and the United States have shared strategic interests.

Thus far, it has been a mutually beneficial partnership, something that does not conform to the rentier state theory, which argues that Saudi Arabian's oil wealth keeps the monarchy in power. The legacy of American interests and involvement in Saudi Arabia described by Robert Vitalis remains to this day. Saudi Arabia still depends on the United States for protection and continues to purchase American weaponry. The economic ties have remained strong as well. Saudi Arabia sends a large portion of its exports to the United States, American companies invest the most in Saudi Arabia, and the United States relies on the Saudis to keep other OPEC members from increasing oil prices.²⁰⁸ These and other ties have clearly benefited both countries, but perhaps more so for Saudi Arabia in terms of its survival. Without American support, in its various forms, the Saudi monarchy may not have survived this long.

Saudi Arabia's social policies have been crucial for its survival as well. This is predicated by the rentier state theory, which argues that social spending of rent income tends to create largely acquiescent societies. Indeed, government expenditures on society have undoubtedly been a central feature of Saudi Arabia's history post-WWII and an important government strategy to remain in power. Saudi Arabia's enormous oil revenues (oil revenues increased from approximately \$110 billion dollars in 1951 to 47.5 billion dollars in 1992; after

As a result of all of these factors, as well as the numerous international networks of support created by Islamist radicals in Afghanistan during the 1980s, in effect the threat of radical Islamic terrorism replaced communism as the overarching global threat. (Niblock, 151-156)

²⁰⁷ Iran's influence in Iraq has increased in recent years and it is allegedly, as of this writing (March, 2012), developing nuclear weapons.

²⁰⁸ 170.

1973 revenues increased exponentially then leveled off when the boom ended in the 1980s²⁰⁹) enabled it to fund social service and infrastructure projects, such as the IDP project, throughout society in order to ensure that Saudi citizens, at least the majority of the population and especially elites with connections to the state, could benefit from the wealth generated by the oil industry.

The Saudi government did not provide social services to the population and invest in infrastructure projects simply for altruistic purposes. In other words, it is not enough for an authoritarian government's survival to only distribute oil revenues to society. In Saudi Arabia's case, in addition to its political structures and ties with the United States, the monarchy has employed a specific strategy what Hertog calls "cooptation."²¹⁰ Hertog defines cooptation as the process by which the Saudi government, as its bureaucracy increased in size, coopted virtually every part of society. Before and after the 1950s, the monarchy allocated oil revenues towards itself, the military, the police, and towards tribes and religious organizations in the form of state subsidies.²¹¹ As the Saudi government grew in size thanks to the ever-increasing oil revenues, it expanded its reach into and "reshape[d] significant parts of society."²¹² In other words, the government progressively penetrated and brought society under its jurisdiction as it established new ministries and other state institutions. Solidifying state power was the ultimate objective of cooptation.

Cooptation directly reflects of the political structures of the government itself, described earlier as a hierarchical, "hub and spoke" system of highly fragmented parts. The continuous flow of oil revenues, particularly during the oil boom years, and the royal family's complete

²⁰⁹ Vassiliev, 401.

²¹⁰ Hertog, 133.

²¹¹ Vassiliev, 403.

²¹² Hertog, 17.

control of the expansion of the government, increased the size of the state in a rather disorderly manner. Government officials and those individuals with connections to the state called “brokers” created numerous networks within the state that bridged the gap between the rigid, hierarchical state political structures and society.²¹³ Brokers serve as intermediaries between the state and society (specifically, individuals or groups of individuals) and their service is effectively the only means through which Saudis can gain access to state resources. Additionally, brokers have very specific functions and ties to certain areas in the state. Thus individuals attain access to state resources primarily from the local, micro-level, not through the larger government institutions.²¹⁴

Through the mechanism of bureaucratic cooptation, the Saudi state brought society increasingly under its guidance and control in several ways. Employment in the public sector was one such approach. The number of government employees rose as the size of the government grew. Between 1970 and 1980, the government established ten new ministries in addition to twenty new government agencies.²¹⁵ Accordingly, the government hired over 300,000 public sector employees, increasing the number from 120,000 in 1970. Expanding social services was another method the government used. During the 1970s and beyond, government social expenditures reached virtually every part of Saudi society except in the Eastern Province. The government increased investments in health care, education and housing.²¹⁶ By the 1990s, the government built over 250 new hospitals, hundreds of health

²¹³ 26. According to Hertog, brokers are bureaucrats or individuals with administrative connections. The number of brokers is very high and they exist throughout society.

²¹⁴ Hertog, 116.

²¹⁵ Vassiliev, 462.

²¹⁶ The government also invested in other areas such as infrastructure and, as we have seen, agricultural development. It also made efforts to develop an industrial sector beyond that of the oil industry. It tried to promote the extraction and production of other minerals such as gypsum, copper, and iron ore. Roads, communication networks, and ports were built to facilitate the development of industry. These efforts, however, largely failed in 1970s to achieve the aim of developing a strong industrial sector because the oil sector dominated the economy,

clinics around the country, and raised the number of doctors and medical personnel to over seventy thousand people.²¹⁷ Expanding education was particularly important. The government wanted graduates with technical degrees in order to proceed with its modernization efforts. The education system in Saudi Arabia was rather small compared to other Arab countries in the 1950s but by the early 1970s, the government spent one billion dollars to expand it. The government hired thousands of foreign teachers and founded several teacher-training colleges. Religious colleges, universities and institutes were opened, including the secular Riyadh University. Hundreds of thousands of boys and girls were enrolled in schools (the number of boys outnumbered that of girls and they were taught separately) and thousands of undergraduate and graduate students were enrolled in colleges and universities. After graduation, they found employment almost entirely in the public sector.²¹⁸ By the 1990s, seven universities had been established as well as a number of engineering colleges. Finally, in terms of housing, the government built approximately 2.5 million housing units by the 1990s. (Vassiliev, 433-434)

The Saudi government was mostly or almost entirely autonomous from society thereby during the 1950s and 1960s,, an outcome predicted by the rentier state theory, as the royal family took it upon itself to make political and social decisions without outside input, even from the key social groups of merchants, tribes or Muslim religious leaders (*ulama*).²¹⁹ However, this chapter has described the growth of the Saudi state over time and its relations with society, the process of which increased the connections and linkages between them. The state incurred increasing levels

industries did not have enough skilled workers nor a large market in which to sell manufactured items, among other factors. (408-409)

²¹⁷ 463.

²¹⁸ By the 1980s, public sector employment amounted to 40% of the total workforce; industries and oil production comprised 25% of the workforce; the service sector comprised 30%; and 5% worked in the agricultural sector. (Al-Rasheed, 151)

²¹⁹ Hertog, 15.

of obligations towards society and was unwilling to retract these commitments.²²⁰ Therefore, not only did the state-society boundaries overlap, as argued by Jessop and Mitchell in Chapter II, society came to hold the state accountable through the state's obligations to its people. This accountability demonstrates that Saudi Arabia's state and society are indeed not distinct entities; numerous connections exist between them. Furthermore, the variety and large number of government institutions, social networks and hierarchies kept "society fragmented and dependent upon the state."²²¹ In effect, every part of society, from elites to Saudi citizens, became "clients" of the state through public sector employment, social services and specific government agencies (via brokers). As a result of this heterogeneity of the government, there was little possibility for the aggregation of interests among different parts of society.²²² Thus collective opposition and the demand for fundamental political change to the government has yet never materialized in Saudi Arabia.²²³ Therefore, Saudi authoritarianism relies upon a complex web of cultural, social and political factors rather than dependence on oil revenues.

The strategies and mechanisms outlined in this chapter also account for the lack of political change and the monarchy's long-term survival. Emphasizing its Islamic identity was the monarchy's response to counteract the Shiite uprising and its powerful and arguably justified anger at the government. Decades of cooptation by widening the government's reach into society helped consolidate the royal family's rule. Oil income funded this expansion as well as other modernization projects, including the IDP project. As essential as oil has been for Saudi

²²⁰ High oil revenues declined and leveled off in the 1980s, which, along with arms purchases, increased budget deficits and decreased the amount of money available for investment in economic and social development. However, the monarchy knew that it could not significantly reduce investments in health care, education and other social spending, since doing so would likely cause dissatisfaction and dissent among the population who had become accustomed to receiving such benefits. (Al-Rasheed, 150)

²²¹ Hertog, 133.

²²² 116.

²²³ Vassiliev, 464.

Arabia, however, it did not predetermine the choices the government made in expanding the state or decisions it made to stay in power.

C. Enduring Authoritarianism in Saudi Arabia and the Arab Spring

Notwithstanding the protests throughout the Middle East in early 2011, the Arab Spring did not alter Saudi Arabia's political structures. The monarchy undoubtedly used its oil revenues to keep discontent at a minimum, but there is more to the picture than this. To be clear, the monarchy remains firmly in control and there is no sign that it is in any danger of collapsing. Like the Iranian case, this resilience would appear to validate the rentier state theory, given the fact that Saudi Arabia possesses the world's largest oil reserves in the world and is thus considered the quintessential rentier state. As shown in this chapter, oil wealth has indeed provided Saudi Arabia with the financial resources to modernize and provide numerous kinds of benefits for its people. The monarchy used this tactic on February 23rd, 2011, when King Abdullah announced a \$37 billion aid package that would be distributed among Saudi citizens in the form of pay raises, unemployment benefits, affordable family housing and others.²²⁴ This action taken by the government is a clear case of rentierism at work. Yet the evidence presented in the preceding pages points to other, more consequential factors that have enabled the monarchy to prevent any internal dissent during the Arab Spring, not least of which, the American-Saudi partnership.

The ongoing Arab Spring protests in Saudi Arabia's small Persian Gulf neighbor, Bahrain, demonstrate this clearly. They are important not only because they aim to bring about democratic reform to the kingdom, they highlight the significant role the American-Saudi relationship plays in Middle East politics in blocking the emergence of democracy in the region

²²⁴ Ulf Laessing. "Saudi King Back Home, Orders \$37 billion in Handouts," *Reuters* (February 23, 2011): <http://www.reuters.com/article/2011/02/23/us-saudi-king-idUSTRE71M22V20110223> [accessed 1-12-12].

as a whole for the sake of regional stability. This relationship is perhaps the most decisive factor that challenges the notion that Saudi Arabia has withstood, internally, the powerful wave of Arab Spring protests because of its oil wealth.

Though not directly affected by the Arab Spring within its borders, Saudi Arabia has several reasons to be wary of it, especially in Bahrain. As an authoritarian country, Saudi Arabia is fearful of any external democratic impulses in the Middle East because such influences would have the potential to foment domestic dissent. Saudi Arabia had already experienced this kind of turmoil in the aftermath of the Iranian Revolution when the Shiites in the Eastern Province rose up against the government. As a result, the monarchy has been mindful of the Arab Spring because its calls for democratic reforms and political pluralism directly challenge the monarchy's power as well as the regional stability of the Persian Gulf in general.

Such a challenge arose when Arab Spring protests began in February 2011 in Bahrain. Bahrain consists of a majority Shi'a population that is ruled by the Sunni, al-Khalifa monarchy. The monarchy rules with a firm, often repressive grip over the Shi'a population.²²⁵ They are essentially an alienated population and receive few of the benefits of Bahrain's oil wealth. Emulating the other protests in the Middle East, the Shi'a called for a parliament that was actually representative of the entire population and, because unemployment is high among them, demanded more job opportunities in the government and lucrative economic sector.²²⁶ The situation escalated on March 14th when Saudi Arabia and the United Arab Emirates agreed to

²²⁵ Herb, 173.

²²⁶ Bill Law. "Bahrain Unrest: Simmering Resentment Boils Over," *BBC News* (18 February, 2011): <http://www.bbc.co.uk/news/world-middle-east-12508082> [accessed 1-12-12]. Bahrain had a parliament in the early 1970s but the monarchy ultimately did not want to share power with it and subsequently disbanded it (Herb, 174). In 2002, the government wrote a new constitution that formally reopened parliament.

deploy security 1,500 forces to help suppress the protests.²²⁷ The security forces immediately began a violent and bloody crackdown (protests are still occurring at the time of this writing).

The stability of Bahrain is very important for both the United States and Saudi Arabia. For the United States, Bahrain is a vital component of the United States' geostrategic policy in the Middle East. It is the location of the United States Naval Forces Central Command and home to the U.S. Fifth Naval Fleet. The United States worries that any kind of instability would disrupt the flow of oil coming from the Persian Gulf and threaten its allies there, particularly Saudi Arabia. There is also a perception in the United States and in Saudi Arabia that Iran is supporting the Shi'a protesters in Bahrain.²²⁸ If true, this would pose a significant problem because Iran and Saudi Arabia have been regional political and ideological rivals (Iran is a Shi'a majority country and Saudi Arabia is a Sunni majority country) since the Iranian Revolution in 1979. The United States and Iran have been at odds for most of the time ever since. The Arab Spring protests in Bahrain added new urgency to protecting Saudi Arabia from Iran and any other threats.²²⁹

Saudi Arabia's concerns with Bahrain are essentially the same as that of the United States. Ensuring the subservience of the Shi'a population in Bahrain Saudi Arabia has been an essential part of Saudi Arabia's strategy to protect itself from any internal dissent that threatens its security. The Saudi monarchy has a significant amount of leverage over the al-Khalifa monarchy principally because Bahrain does not have as much oil as other gulf states so it relies

²²⁷ Bahrain and Saudi Arabia are connected by the King Fahd Causeway. Also, it should be noted that many Sunnis joined the protests as well.

²²⁸ Thomas Fuller. "Bahrainis Fear the U.S. Isn't Behind Their Fight for Democracy," *The New York Times* (March 4, 2011): http://www.nytimes.com/2011/03/05/world/middleeast/05bahrain.html?_r=1 [accessed 1-13-12].

²²⁹ This sentiment was underscored on December 29, 2011 the United States agreed to sell Saudi Arabia \$30 billion dollars in F-15 jet fighter airplanes. *BBC News* (December 29, 2011): <http://www.bbc.co.uk/news/world-us-canada-16358068> [accessed 1-13-12].

on Saudi Arabia to provide it with hundreds of millions of dollars each year.²³⁰ According to Herb, this is a key reason why Bahrain did not open a new parliament for so long. As essentially its benefactor, Saudi Arabia has not wanted Bahrain to do so for fear of giving the Shi'a population a space to express their demands upon the government. This, inevitably, would decrease some of the monarchy's power and would perhaps threaten its very authority. Additionally, like the United States, the Saudi government fears that increased Shi'a representation in the government would invite the influence and interference of Iran in Bahraini affairs, which has in fact occurred in the past.²³¹ Thus, for all of the reasons described above, when Arab Spring protests began in Bahrain, Saudi Arabia knew that it needed to act. The United States agreed with this as well. Although it has condemned the level of violence and brutality of the crackdown, it has not pressured the government to change policies. By doing this, the United States essentially acknowledged the double standard it has applied to other Arab Spring protests.²³² For example it, along with other NATO member states, provided military support of the overthrow of Libyan dictator Muammar Gaddafi but effectively gave the green light to the Saudis to send the security forces into Bahrain.

The above examination of the Arab Spring protests in Bahrain, and their implications for the region, demonstrate that the persistence of authoritarianism in Saudi Arabia during the Arab Spring is a result of one of the important pieces of evidence put forward in this chapter—the longstanding American-Saudi relationship. While the United States cannot outright dictate to Saudi Arabia about what its internal and external policies ought to be, for over half of a century,

²³⁰ Herb, 177.

²³¹ Ibid. The Iranian Revolution inspired Shi'a opposition groups, one of which attempted a coup in 1981. Unrest appeared again when Shi'a rose up against the government in the 1990s.

²³² Karen DeYoung. "In Arab Spring speech, Clinton defends U.S. stance on Syria, Bahrain," *Washington Post* (November 7, 2011): http://www.washingtonpost.com/world/national-security/clinton-defends-us-stance-on-syria-bahrain/2011/11/07/gIQAsAJ9xM_story.html [accessed 1-13-12].

with intermittent and sometimes serious disagreements such as during the 1973 Oil Crisis, their partnership has been mutually beneficial. The United States government, along with other Western governments, want to ensure that the global oil market remains secure and stable. The Saudi monarchy, in turn, wants the continued American protection and to remain in power. Therefore, while oil is certainly a crucial underlying factor in this discussion, the failure of the Arab Spring to cause fundamental political change in Saudi Arabia has more to do with the kingdom's ties with the United States than its oil wealth. Oil revenue has certainly enabled the monarchy to stave off opposition and is an important reason why the monarchy has survived, but it is only one component of the story of enduring authoritarianism in Saudi Arabia.

Chapter V: Conclusion

This thesis has presented a more nuanced examination of the persistence of authoritarianism in the Middle East than the rentier state theory can account for. In each case study, both internal and external contexts were examined and it was found that certain factors have played a significant consequential role in determining what the current political (as well as social and economic) situation is in each country. The Iranian and Saudi regimes have used different mechanisms and strategies to maintain their position in power. Oil revenues were and continue to be a major source of income that supports the regimes, but oil in itself does not predetermine the decisions made by political leaders. Oil, for example, is not the dominant force within the political structures of the Islamic Republic nor does it have any bearing on the extent to which Islam is embedded within Iranian society. Likewise in Saudi Arabia, while oil revenues funded the expansion of the monarchy, they do not account for the pre-monarchy tribal structures that remained in place after the kingdom's founding or predetermine what newly established state institutions would look like. Nor do oil revenues account for the strategies the monarchy has employed to ensure its survival. Lastly, the Cold War context played a significant and consequential role in shaping internal events in both countries.

At its core, the rentier state theory makes an important assumption about the relationship between state and society. The theory assumes that it can explain whether a government will be either democratic or authoritarian and, accordingly, how each type of government will behave, based on this relationship. In non-rentier states, the government bargains with its citizens about the amount of taxes it imposes on them in exchange for representation in the government. In this way, citizens are able to hold their government accountable. The end result of this process is a democratic government (though, to be sure, not all non-rentier states are democratic). On the other hand, in rentier states, given the fact that these governments control the resources

independently of society, governments do not need to make such accommodations with their citizens because rent preclude the need for taxes and thus the need for negotiation. Moreover, the regime distributes some of this income to key constituencies. For both of these reasons, this frees the government from sharing political power with society and it becomes powerful and authoritarian as a result. In other words, the rentier aspect of the economy provides the government with increased political power. Rentier states ensure support by distributing rent income throughout society, usually in the form of social services. Furthermore, the rentier state theory is premised on the notion of exceptionalism—the notion that Middle Eastern culture is incompatible with democracy. However, rather than focusing on culture, the theory argues that the region's economics make it exceptional. Thus proponents of the rentier state theory view the region as an economic anomaly, an 'other', similar to those who still view Middle Eastern culture in the same manner.

In contrast, this thesis has provided a more sound theoretical framework through which to investigate authoritarianism in the Middle East. The framework looks at the cases of Iran and Saudi Arabia in a wholistic manner. For example, in terms of the belief in Middle Eastern exceptionalism, in both cultural and economic terms, this approach reveals why exceptionalism is a flawed concept. The acceptance of this notion overrides the possibility that authoritarianism stems from other factors: the history, external contexts or, in particular, internal social, economic and political conditions—like those explored in the preceding chapters—of authoritarian countries in the Middle East.

Furthermore, as the cases illustrate, a wholistic understanding of the state-society relationship will take into account the fact that state and society are not two separate entities but rather overlap each other. The Iranian and Saudi Arabian cases uphold the view that the state

can rarely act independently of its people, with or without a representative body. In Iran, the state formation process that took place during and after the Iranian Revolution emerged out of the complex socio-economic and repressive context of the Pahlavi regime. The Shah's modernization policies, while providing many benefits, also led to unintended consequences, failed to reach the expectations of the public and alienated many Iranians, perhaps the most important of whom were the clergy. This societal context before the revolution thus had a tremendous impact on the structure of the Islamic Republic. Though the new government retained much of the previous state, it repudiated the Pahlavi monarchical rule. Furthermore, in terms of Saudi Arabia, the state may appear to be autonomous from its society but, as described in Chapter IV, Saudi society influences the outcome and implementation of state policies. Additionally, the responsibility of the Saudi state to provide Saudis with social services, infrastructure projects and other benefits, is another example that state-society boundaries overlap.

Iran and Saudi Arabia's historical record also challenges many of the assumptions of the rentier state theory. One is that oil alone is the primary factor that has maintained the governments in both countries to remain in power but the historical record counters this assumption. Up until the Iranian Revolution in 1979, the United States and Britain had a stake in ensuring that Iran remained a stable, reliable ally during the Cold War. The fact that they restored the Shah's rule in the 1953 coup and continued to support his regime exemplifies this.²³³ Another assumption is that rentier regimes and their leaders should not fall from power but the Shah was, in fact, overthrown. In terms of Saudi Arabia, foreign involvement was a similarly an important feature of its history. From Saudi Arabia's establishment, to its decision to gain

²³³ The United States understood that supporting the Shah would almost certainly prevent the implementation of democratic reforms in Iran. However, its concern for Soviet intrusion trumped the desire to see democracy emerge. (Murray, 3-4)

control the environment (which required significant levels of foreign expertise) in order to consolidate of power, and to its continual strengthening of ties with the United States in the decades following World War II, Saudi Arabia, like Iran, cannot be studied in isolation. The development of the oil industry, in which the United States played such a crucial role, particularly epitomizes this assertion. Certain historical events and circumstances contributed to authoritarian regime durability in both countries.

The alternative paradigm offered in this thesis also accounts for the various mechanisms, strategies and political structures that have enabled the Iranian and Saudi regimes to remain in power. In Iran, the clerical establishment of the Islamic Republic solidified its rule soon after the revolution with the concept of *velayat-e faqeh* enshrined in the constitution. The war with Iraq provided the new government with an opportunity to bolster this Islamic identity and authority by linking Islam with the surge of Iranian nationalism. Despite the enormous devastation caused during the war Iraq, the constitutionally granted authority sustained the regime through the duration of the war and subsequent attempts at fundamental democratic reforms in the latter part 1990s and early 2000s. To be sure, like the Pahlavi monarchy before it, the Islamic Republic has relied on repressive measures to enforce its power—and oil revenue has been central to this—most recently during the post-election protests in 2009. However effective repression may be, by itself it is insufficient in maintaining a regime's position in power. In Iran, the codified authority of the clergy, and both the religion and the revolutionary ideology of the regime, have been the regime's primary sources of power rather than just its oil wealth.

In Saudi Arabia, the regime's massive oil wealth facilitated its expansion and buttressed its power but other factors have played a significant role in enabling the monarchy to survive. As a dynastic monarchy, the royal family holds a firm grip on the entire government. Its family

members are dispersed throughout the state bureaucracy ensuring that the monarchy safeguards its authority in the large number of different state institutions. The family also controls the succession of rule, which not only decides who leads Saudi Arabia, but also prevents internal fracturing and the infiltration of those outside the family who have an interest in challenging the monarchy's power. In addition, the monarchy reemphasized its Islamic character as its main source of legitimacy in response to the Islamic uprisings in Mecca and the Eastern Province in 1979. The monarchy has long relied upon its Wahabist Islamic identity to bolster its support among religious conservatives and the general population. Moreover, the monarchy maintained and strengthened its relationship with the United States at various times. American support was and remains a crucial reason why authoritarianism endures in Saudi Arabia.

In light of this entire discussion about the persistence of authoritarianism in the Middle East, it is necessary now to revisit the discussions about the Arab Spring. This is necessary because, at its core, this thesis is really about the prospects for democracy in the region. It has shown why focusing on oil wealth is an insufficient and incomplete explanation for authoritarianism in the region, but where does the discussion about enduring authoritarianism in the Middle East go from this point forward? Additionally, what do the Iranian and Saudi Arabian cases say about democracy? What are the broader implications of this thesis about the prospects for democracy in the region?

As the previous two chapters indicate, the Arab Spring illustrates the importance of examining the internal as well as external contexts of authoritarian Middle Eastern regimes. It is only through this approach that one can understand the deeper issues that account for the persistence of authoritarianism in the Middle East. It is too simple to assert that authoritarianism persists in Iran and Saudi Arabia because of oil. Likewise, it is too simple to argue that the Arab

Spring did not reach both countries because of their oil wealth. In Iran, the government's political structures and its position at the helm of Shi'a Islam enabled it to survive presidential elections and prevent the Arab Spring from making any significant inroads in Iran. In terms of Saudi Arabia, the Saudi-American partnership essentially blocked the Arab Spring protests in Bahrain from spreading into Saudi Arabia.

This study demonstrates that not only do many factors contribute to the persistence of authoritarianism, it also points to a larger observation about democracy and the emergence of democracy in general. The complexity and the uncertainty of what the process of democratization entails confirms the inaccuracy of dismissing the lack of democracy in the Middle East as an anomaly from the rest of the world. Successful democratic development, wherever it occurs and has occurred, such as in the United States and Europe, is a complicated, multi-dimensional and long-term process. Although scholars and political scientists all agree that a political environment where the ruling government allows the people's voices to be heard is an essential component of democratization, they continue to debate about exactly which factors such a process requires.²³⁴ However, simply because it is a difficult and often unclear process does not mean that democracy cannot emerge in the Middle East. Thus it is erroneous to contend that the democratic deficit in the Middle East is an abnormality.

Although it remains to be seen whether fundamental democratic outcomes will come to fruition in the future, the Arab Spring movement is testament to this assertion. The Arab Spring is indicative of the real, though very difficult, possibility that democracy can in fact emerge in the Middle East. Democratization requires an environment in which the people are able to express their demands upon whoever is in charge. The movement has provided people across the

²³⁴ For a discussion about this issue, see: Schmitter, Phillippe & Karl, Terry L. "What Democracy is and is Not," *Journal of Democracy* vol. 2, no. 3 (Summer 1991): 75-87.

region with an opportunity to do so. As mentioned previously, the people of Egypt, Tunisia and Libya have forced their respective leaders to step down. Now, all three countries have begun taking steps towards some form of democratic governance. Moreover, if past examples are any indication, democracies throughout the world came into fruition after long periods of turmoil and uncertainty. The United States experienced eight years of war before finally gaining its independence from Great Britain. With all of these facts in mind, the current struggles for democratic reform in the Middle East are no different, in terms of length of time and difficulty, than those of established democracies. Therefore, democracy is no less likely to emerge in the region than anywhere else in the world.

The Arab Spring also demonstrates, again, the importance of examining the specific contexts and conditions of authoritarian Middle Eastern countries. Only through this approach will one understand what factors have contributed to unfavorable internal and external conditions that block fundamental democratic reform. This thesis has followed the same approach. In order to comprehend why authoritarianism endures in Iran and Saudi Arabia, as well as in other countries in the Middle East, it is necessary to investigate each country closely, taking into account the historical, political, economic and cultural factors that all shape a country's makeup. Once having done this, one will see that the absence, thus far, of democracies in the region is not reducible to a one-fits-all explanation, but rather due to interdependent and complicated sets of factors.

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