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Political Economy of populist Rentier Governments in Iran (A Case Study of Ahmadinejad's Government)

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Rentier governments have a high potential to empower populists because they feed on oil revenues as their source of income. Economically, populist rentier governments are largely economically distributive and radical and isolated. Unemployment, inflation, foreign debt, the recession, and the devaluation of the national currency will be prominent features of such governments. Although rentier governments are generally scattered around the world and the main focus of their populist type is seen in Latin America in particular, Ahmadinejad came to power in Iran with such a populist approach and was able to implement his populist policies. Based on Hertog's theory of oil populist economics, this study seeks to pathologize Ahmadinejad's political economy. After coming to power in 2005, Ahmadinejad pursued populist economic policies, and due to financial indiscipline in managing oil revenues, on the one hand, and not relying on the theories of economists, specialists, and experts, on the other, the government suffered heavy bank debt. To the private sector, declining national currencies, rising liquidity, financial deficits, declining economic growth, declining production, stagflation, unemployment, and the latter's economic policies have largely been able to gain little satisfaction from outsiders, especially the underprivileged. Finally, despite the sharp rise in oil revenues, his economic policies have not been able to strengthen the economic and institutional infrastructure of Iran's economy. These policies, along with the inefficiency of economic and rational policies, in the long run, the country's economy faced structural crises. Thus, following the populist policies, the government made him economically vulnerable, so that Rouhani's government inherited Ahmadinejad's populist policies, which he also did not allow to continue. The damaging effects of these policies will likely remain on the country's economic structure for decades to come.

Keywords: Populist economics, populist government, oil populism, oil revenues, populist economic policies.

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INTRODUCTION

With the nationalization of the oil industry in many oil-rich countries in the 1970s, a wave of populist policies pervaded these countries, and oil became a common tool for maintaining the power of politicians. Populism, with all its diversity and structures in contemporary social history, is facing a wave of popular sentiment, and it is through this that political legitimacy is gaining ground. Populisms are full of contradictions. By providing incorrect and generally distorted information, they can bring the general public into line with their policies, which is evident in the oil-rich countries due to their weak and abundant structure and institutions. On the other hand, they should have publicity and public acceptance. During Ahmadinejad's government, populist thought and politics led to the formation of a populist economy, and a populist interpretation was formed for every subject. This study seeks to examine and pathologize the economic policies of Ahmadinejad's government based on Hertog's oil populism and seeks to understand the role of oil revenues in

creating crises for Ahmadinejad's government. Secondly, were oil revenues the cause of economic crises or populist policies, or both? It seems that the populist economy and the type of economic policy of Ahmadinejad's government are based on the populist oil economy, which with the help of populist promises and its attraction among the lower and deprived classes, on the one hand, and the increase in oil prices in his government with increase. Currency resources, on the other hand, were able to gain political power with the backing of high oil revenues. Therefore, in Ahmadinejad's government, the main audience was the implementation of the distribution and redistribution policies of the lower classes, and their demands were met with the support of oil dollars. The hypothesis of the article is based on the premise that Ahmadinejad's populist policies, backed by oil resources, instead of reforming the business environment and tax system, increase pressures such as budgeting, poverty alleviation, subsidies in various sectors, cheap government housing (Mehr Housing), and employment. The implementation of redistributive policies and the protection of deprived classes through industrial projects and their nationalization chose short-term financial policies to satisfy the lower classes. In the long run, these economic policies not only failed to improve justice, job creation, and poverty alleviation but also destabilized economic structures. The economy of Ahmadinejad's government was economically entrenched in populism and macroeconomic management, he lacked management and recklessness, such as uncertain economic policies, budget deficits, declining national currencies, inflation, declining economic growth, and a permanent shortage of resources can be considered clear examples in this regard. Economically, the government faced fluctuations and shortages, which, in its view, reflected a structural weakness that had been delayed by previous governments, so much so that the high volume of applications in the provincial capitals was further exacerbated.

Ahmadinejad's populist, unsupported promises, along with the lack of attention to economic facilities, capacities, resources, and limitations on the one hand, and the disregard for warnings from experts and economists on the other, led to his government's economic structure, in the long run, be driven to a whirlpool whose effects and damage may last for many years. The present study first refers to the definition of populism and its characteristics. Second, it analyzes the economic characteristics of Ahmadinejad's oil populism with various economic statistics. Finally, it economically pathologizes the populist economic policies of his government.

Theoretical framework

Political goals on earth are called oil populism, although at the cost of sacrificing the future interests of the country. Political leaders in oil-rich countries stay in power longer, something that can perhaps be clearly seen in many Arab Gulf states. Although there are differences in the populism of oil populist countries, these countries have common features, especially in times of rising oil prices: they become more centralized in terms of power structure, political leaders talk directly to the people in person, bypassing formal institutions and mechanisms. They establish with the people, they try to present themselves as "the people" and their representative, especially the lower classes. Oil populists are gaining popularity for themselves by spending extravagant oil revenues and using this popularity to mobilize their supporters and confront the opposition political elite, yet they are not accustomed to formal, bureaucratic mechanisms and "law". Of course, corruption is rampant, just as Venezuela's top political officials, who do not even neglect their "popular and national" appearance, are not in a very bad position in the current difficult situation.(- Hossein Khaleghi(2016,5**)**

It seems that the rise of populists can be considered a net loss for the economic resources of any country. Reducing investment, reducing real wages, economic instability, reducing foreign reserves, etc. are just some of the economic losses of populist policies. Governments that see the uncontrolled exploitation of natural resources (rent) as the source of government funding have witnessed these crises in most periods. If such governments get caught up in the populist trap of abandonment, it is a difficult and time-consuming task, leaving more severe and profound crises. Because the revaluation of the rental sale will keep the country afloat for a longer period of economic prosperity. In such an economy, economic gains, along with a short period of prosperity, will lead to a long-term increase in economic crises. Prolonging the period of populist policy and increasing liquidity requires more financial resources, and it can be seen that the existence of these natural resources if managed by the populist government, will in practice only mean more damage to their government (Dornbush & Edvardes: 1991: 42). The issue of oil populism is linked to a wide range of economic literacy issues. In foreign policy behavioral literature, countries exporting natural resources, including oil, have a different foreign policy than other countries. He sees the meaning of oil populism as a set of political and economic behaviors in oil countries. In all respects, radical foreign policy in these countries is associated with left-wing domestic politics, opposition to large domestic capitalist groups, redistributive politics, and especially marginalized lower-class political mobilization (Topcoat, 1965: 3). The term is best known for components such as an authoritarian rule, economic nationalism versus foreign trade, self-sufficiency in self-government, and ambition to transform society into a larger society. Hertog argues that although each of these characteristics may be observed in non-oil populist countries, it is less common to see all of these characteristics simultaneously in populist countries. The sum of all of them together is the level of populist oil countries (Hertog, 2014: 22). By studying the four oil-rich countries of Iran, Venezuela, Bolivia,

and Ecuador, Hertog claims that populist oil countries behave similarly. These countries have behaved radically and their most important and common feature is their American behavior. This behavior is not observed in all oil-exporting countries so that the Gulf countries are countries whose foreign policy is in line with the United States and the great powers (Kaviani, 2017: 13). Therefore, it can be said that oil populist governments, due to the separation of income sources, have a huge difference in their behavior. Based on their research on oil populist governments, Ross and Voeten concluded that countries with natural resources, including oil, have a deep connection with the outside world. But politically, they are less convergent (Ross & Voeten, 2011: 15). Accordingly, countries whose income comes from the sale of oil rely on the rise of populists. The combination of oil revenues and a semi-democratic system of government provides the best opportunity for populists to come to power using the emotions of the people, the masses, and oil revenues. Thus, populism comes to power in countries that hold capital and oil revenues. Accordingly, such an economy provides the potential and capacity to form populism.

Populism

Populism was a common democratic movement in Russia in the late nineteenth century, a direct translation of the Russian word Nardovik, first recorded in Dictionary of Oxford in 1865 in an article by P. Miliukov, one of the leading humanists. With the knowledge that can be obtained from a particular set of populist beliefs, populism involves defending the traditions of ordinary people against the change and transformation imposed by powerful aliens, which may be the rule of merchants or the workers' union. These ideas are uncommon among the petty bourgeoisie and are more anti-capitalist and anti-intellectual. Politicians who advocate these beliefs may resort to populist sentiments whenever it is in their favor, and if not, they may resort to denouncing such attractions. (McLean, 2008, 761).

Populism was born in Latin America and is derived from the word "populasm". The word is about rationalism, rationality, and elitism. In other words, populism is derived from the Latin word "popularis" or "populurs" meaning the mass of people, and it has a special form in any society and is more common in developing countries and the Third World. Populism has demagogic characteristics, individual sanctification, bigotry, reliance on the masses, lack of clear ideology, reformism, bourgeoisie, and elements of anti-imperialism and nationalism. Expansionism and promotion of forces affiliated with internal officials, and sometimes trade unions and democratic freedoms, are the major characteristics of the populist era (Shamsini Ghiasvand et al., 1990: 41).

The main origins of populism in Latin America were revealed. But factors such as authoritarian regimes, class conflict, lack of freedom of speech, oppression of the people, suffocation, backwardness, etc., caused it to reach all parts of the world, especially third world countries (Darvishian, Mahfouz, & Mashayekhi: 1394, 292). The term came to life in the nineteenth century after European colonialism. Populism emerges during a political crisis and when the legitimacy of questionable institutions is at stake. Populists hate politicians and consider them corrupt and seek to restore factors such as the integrity of the leadership, social justice, national pride, non-violence against women, political decency, etc. (Torres: 2006, 17), populism in today's world, despite its media giants, is complex. Its boundaries and types cannot be determined. The media can persuade the audience to chant populist slogans as rational ones, or consider a rational or practical opinion populist to make it fruitless (Hosseini, 2009: 86).

The center of gravity of populist thinking is the attraction and prioritization of people. People are mostly written the same, who have the same interests. Real populists mostly point to the gap between the people and the elite. They oppose the values and behaviors of certain groups, including the elite, and, according to populists, deprive certain sections of the government of their value, which is a threat to the people (Jagers & Walgrave, 2005: 5). Although populism, with all its diversity and structures in contemporary social history, is facing a wave of the public emotions, it is through this wave that it gains political legitimacy. Organizations and groups may be successful in communities that can use the wave of populism in society to lead the masses in the direction they want.

Characteristics of populism

The main characteristic of populism is underdevelopment which is generally provocative. They can balance the limitations of institutional governing power. This characteristic is experienced in countries that do not have powerful institutions such as independent central banks. Populists are extremely economically interventionist in such a way that they expand the power of the state too much and allocate populist resources and policies and causing the diversion of the economic system (de Castro & Ronci, 1991: 26). Private sector politicians are discredited because they believe that companies are only profitable. They find themselves in the same fate as the public sector and are caught in the crosshairs of profiteering politicians because they see government as powerless and fruitless. With these policies they are blocking even the most scientific political solution.

In its extreme form, populism removes all restrictions on the will of the people, including the protection of the rights of minorities and the key to the independence of institutions. In this area, populism sees itself as a serious threat to the political system that has been built by their governments. They are anti-elite and have a hostile approach to political and economic elites. They adopt an isolated and radical foreign policy which can pose a serious threat to the political and economic system. The concepts such as civil law, tolerance, and conspiracy theories have a symbolic framework from the populists' perspectives. This trait can be dangerous and different in its own right (Brydrer, 2009: 10). The main priority in populists' program is not clear, but they use certain methods. They mobilize individuals against institutions such as the parliament, the government, the elite, political parties, and all kinds of government representatives. Their goal is to disrupt the economic and political system and order for their benefit, making the most of it. These policies are usually enforced by those who are weak-willed and fearful of the victimization of the past and want to dominate the economy (Swobade & Wiersm, 2008: 39). Historical experience has shown that the majority of populist politicians have four stages in their economic policymaking agenda.

Step 1: At this point, the policy is stable. Productive growth, high employment, real wages are the hallmarks of macroeconomic policy at this stage. Destruction of import and export inventory, financing or reduction of foreign exchange reserves, or suspension of foreign payments and increased demand are the hallmarks of this stage.

Step 2: At this stage, the economy is in trouble so that due to the strengthening and expansion of demand for domestic goods and the lack of growth of the foreign currency and low level of inventory, the economy has a difficult source. Falling prices and exchange rates and inflation are rising sharply.

Step 3: In this stage, the severe shortage of currency, the sharp acceleration of inflation and foreign exchange problems lead to the release and destruction of capital. The budget deficit in the economy leads to an increase in the collection and collection of taxes, which significantly leads to violence in society. The government is trying to stabilize the economy by reducing subsidies and raising taxes. Double wages fall sharply, and policies become unstable and unstable.

Fourth stage: In this stage, the government becomes unstable and isolated. The political experience of the above government, along with political and economic isolation and instability, reduces investment and capital development. At this stage, the economy is trapped in politics, and ultimately leading to the destruction and political change of government with violence, it gradually leads to the destruction of the state (Dornbusch & Edwardes, 1999: 12). The goal is to redistribute income, create jobs, and accelerate economic growth, leaving a political barrier to stability (Dornbusch & Edwardes, 1999: 10). It can be said that the adoption of these populist policies is because in the short term it will be useful and they will walk the hundred-year path overnight. It causes that the government face the problem and ultimately reduce economic growth and living standards.

In addition to being satirical, populists always support the majority and consider themselves the only representatives of the people. During the elections, they place their political rivals among the corrupt and immoral elites, and they do not accept any opposition after gaining power. In this sense, anyone who is not a supporter of populist parties does not belong to the people. People who are always right and morally free (Vrand mold, 1396: 11). Koniev sees populism as a form of electoral management in which politicians succeed in engaging the masses in politics and seeking their support through their movements or political currents to maintain the loyalty of power. These politicians often inject a sense of nationalism or cultural pride into their supporters and promise them a better life. The center of the populist struggle is mainly in big cities and has a social base of workers looking for a better life and the middle class of the city admires the economic and labor program (Ashraf Nazari, Salimi, 2015: 162).

Oil populist economy

Studying Latin American countries, Kaufman and Stallingas concluded that a populist economy could have a distinct definition and that this range of economies was formed primarily to achieve the following goals: 1. Organized support to support of the subaltern and poor; 2- support of the market and domestic production 3- Isolation of the political isolation of capitalists, the rich and the opposition to the capitalist system, the elites of foreign companies and large industries (Kaufman and Stallingas, 1991: 25). The economics of populism is, in fact, a definition of political literature that has entered economic literature. The economy of oil populism also refers to policies that are characterized by the implementation of expansionary policies without taking into account and taking into account the scarce and limited economic resources along with the distribution of oil revenues to gain political support and gain power.

Authoritarianism in rentier oil-rich states signifies that the allocated rents are largely unproductive and based on encroachment on abandoned properties, occupation of public resources through over-employment, construction contracts, and import contracts. al., 2015: 90). Accordingly, in rentier economies, populist economic policies can have dire consequences. The most important method of a populist government in running the economy is to take steps to increase government spending and increase government aid to sections of society, including the lower echelons, and to

refrain from increasing government grants. The increase in costs and reluctance to increase non-oil revenues may cause costs to increase gradually, but revenues will not increase as much. In terms of foreign policy, they are also caught in the act of propaganda because they have condemned the increase in the exchange rate and the devaluation of the national currency. As a result, the exchange rate rises (Sarzaeim: 2016, 22). For this reason, they are known to support the inflationary economy.In *the Macroeconomics of Populism in Latin America*, Dornbusch and Edwards mention characteristics such as rising economic growth, redistribution of income while ignoring inflation, budget deficits, and other economic risks (Chardin, 1993: 16). Therefore, in such a range of rent-seeking governments, the general public is not organized, and the bargaining power of the producers is very small compared to the bargaining power of the unproductive. They also have a short-sighted approach to decision-making and resource allocation, which, in their view, leads the government from one direction to populist policies and, on the other hand, to a volatile period of stagflation.

Oil populist economy in Ahmadinejad's government (2005-2013)

Since its inception, Iran's economy has faced numerous difficulties and obstacles due to its reliance on oil revenues and the injection of these revenues into its economic structures, as declining oil and government dependence on these revenues have undermined all economic policies in the long run. (Mosallanejad, 2015: 176). Despite numerous development programs, the economy has become less industrialized, marginalized, and dependent on oil revenues.. Thus, relying on oil revenues in Iran's economic structure in the short term may alleviate the shortcomings of performance constraints. Ultimately, the problems of the structure of the economy and society will not be solved despite oil revenues, and economic crises are likely to shake the state structure and, in a cycle of conflict between conflicting institutions, embrace the radical demands of the political system (Attar & Khajeh Naeini, 2015: 13).

Karel (1974) examines Iran in particular, stating that the change of government in Iran (in its historical context), in addition to the political and religious motivations of the people, is to some extent influenced by the policies of an oil state. (Karel, 1974: 78) In this sense, due to the rentier nature of the state structure, economic policy in its populist form can become a hallmark of such governments because oil revenues provide a high potential for the emergence of populists. The huge oil revenues and the government's extensive responsibility in economic and social affairs in Iran, in addition to being metaphysical, made the government always take steps to subjugate mass society and tempt politicians to choose the path that Ahmadinejad's government took every year. From 2005 onwards, Ahmadinejad's government-controlled NGOs, did not allow newspapers to be published by independent parties, did not believe in the existence of the party in the country, and did not change middle managers and technocrats in the administrative field. Besides, he dissolved management organizations, destructed the expert body of the Program and Budget Organization (PBO), dissolved the upper councils such as the Monetary Council, and retired some university professors. As a result, some parts of the new elite's plans for controlling civil society and technocrats appeared. The ruling elites (Ahmadinejad's government officials) heavily on fundamentalism, romanticism, and populism, and had relying on oil and petty bourgeoisie (Ostovar:, 2017: 78).

In 2005, the upward and astronomical course of oil revenues was such that Iran's oil revenues during the eight years under discussion accounted for more than half of Iran's historical revenues, which coincided with Ahmadinejad's rise to power. Due to the increase in oil revenues at this time, he took great strides in implementing his policies. (Zavarzadeh, 2016: 60) which can be crucial. During Ahmadinejad's tenure, the government's annual revenue ranged from $ 55 million to $ 120 million. According to the Central Bank, Ahmadinejad's government's revenue over the past eight years has been equivalent to 103 years since the discovery of oil. With the sudden increase in oil revenues, the government made a huge leap that can be called the temptation to spend rich oil revenues (Fazeli: 2016, 91). Statistical studies show that during Ahmadinejad's government, especially during the second term of his presidency, most oil revenues were during the three decades after the revolution.

Table 1. The number of oil revenues in various Iranian governments

Title	$ Billion
Mir Hossein Mousavi’s states	111,395
Hashemi Rafsanjani's governments	126,767
of Seyyed Mohammad Khatami’ governments	191,921
Mahmoud Ahmadinejad's governments	613,256
Khatami's first term	66,773
Ahmadinejad’s first term	279,800

Resource: Economic time series data of the Central bank of the Islamic Republic of Iran

Policies of populist economy

1. Inflation and economic growth

An examination of the policies of a populist economy reveals that the redistributive functions take precedence over the general orientation of the economic policies of the populist regimes. These regimes have put redistributive policies at the forefront of their policies, including the equitable distribution of wealth, the nationalization of industries, the implementation of welfare and social reforms, and special attention to the interests of the working class. Populism is, in particular, a political thought, claiming to rule with its unique ideology and striving for power. In addition to political aspects, this idea also has economic aspects. Its characteristic is its remarkable distributive nature (Hatami, 2013: 105). Looney explains that Ahmadinejad, Iran's populist presidential candidate in the 2005 elections, promised oil money to the people. He argues that the reason for Ahmadinejad's use of the slogan “taking the country's oil money to people's tables” was to help him win the election.

The World Bank also reported that despite the real savings rate of 5.11% of the government revenues in 2000, government spending had increased 27 times during Ahmadinejad's government. During his first presidency year, experts and observers believed that his policies were designed to strengthen and support the lower classes and that his populist face was visible (Matsen, Natvik, & Torvik, 2014: 47). His propaganda slogan—taking the country's oil money to people's tables-- played an important role in the deprived classes of society, because in the minds of the deprived masses of society, the slogan was more exploitation of some resources, and if oil revenues were used properly, deprivation would be eliminated.

Thus, Ahmadinejad believed that justice is the spirit of decision-making so much that without it there is no possibility of progress. Even national security, peace, independence, and freedom are linked to justice. (Ghasemi Siani et al., 2016: 137) so that his government, through its populist economic policies, appeared to some extent in the lower class conflicts with critical economic consequences. Economically, Ahmadinejad's government, by ignoring the share of production from targeted revenues and allocating subsidies, caused some economic damage. In this sense, the unbalanced allocation of benefits to the lower classes and the disregard for the interests of the bourgeoisie and capitalism led the government to upset the balance between accumulation and distribution by preferring the industrial bourgeoisie. Thus, by stimulating the demand sector and allocating the supply sector, on the one hand, the government intensified not supporting the inflationary effects of demand, and on the other hand, by not supporting supply and production, it reduced economic growth and increased stagflation (Hatami & Kalateh, 2014: 3).

Various studies show that inflation remained at a low level during Ahmadinejad's tenure. Officials in the Ahmadinejad administration's economic policy (for example, Da’avari and Ra’ahbar) thought that there was no connection between liquidity and inflation, and warned Ahmadinejad of the ineffectiveness of inflation and liquidity, believing that they were traps for policymakers. Ahmadinejad also worked to implement those policies. His government was forced to convert oil dollars into rials to spend oil revenues, which greatly increased liquidity. Economic growth in 2004 and the year the government was handed over to Ahmadinejad was 4.6% and 6.3%, respectively, but with the government measures, that rate rose to 6.1% and 7.7%, respectively. The sharp decline in the rate of economic growth in 2008 and 2009 is another sign of the outbreak of Dutch Disease in the Iranian economy, leading to a period of critical recession. (Sarzaeim: 2016: 157). This analyzes show that although the implementation of his economic policies was to reduce poverty and class division, he implemented this policy strategy to redistribute income and oil revenues.

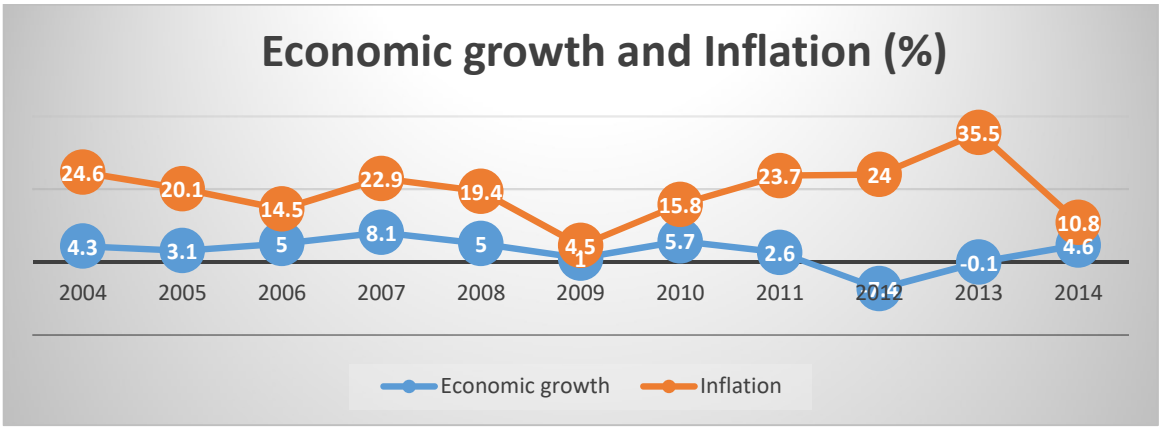


Figure 1. Debt and the financial deficit of Ahmadinejad's government (billion Rials)
Resource: the World Bank

2. Government bank debt and financial deficit

Due to the Iranian state and oil-dependent economic structure, since the beginning of the 1979 revolution, institutions such as banks and national insurance became the government that pursued a kind of populist distributional economic policy (Abuzari Lotf:, 2014: 147). By politicizing all economic issues, especially those related to the elimination of deprivation and helping vulnerable groups and the elimination of regional deprivations, oil populism pursues the solution of all issues in the context of a very expansionary economic policy in both money and finance. The result of this approach in many countries lacks God-given resources such as oil, expansion of the budget and reliance on the budget deficit and borrowing from the central bank, and in countries such as Iran that enjoy the blessings of oil, relies heavily on oil revenues (Mahdavian, 2007: 31). The starting point for a significant portion of Iran's economic problems has been identified as the entry of oil revenues into the government budget as the root of many of Iran's economic problems;

In the 2000s, after the government borrowed from the central bank in the third plan, the government's debt to the central bank decreased and the central bank's net foreign assets increased. Moreover, with a decline in oil revenues, as the government cannot adequately reduce its current expenditures, it generally has to borrow from banks or other solutions to meet its obligations. In this case, directly or indirectly, it will lead to fluctuations in the monetary base. An increase in the monetary base is the main source of the effect of oil revenue fluctuations on the economy because the increase in the monetary base has increased liquidity and liquidity is expected to increase in proportion to growth (Rouhani, 2017: 5). Populist economic policies were evident in the banking sector. To increase investment, the ninth government cut interest rates, causing the capital to be diverted to private banks and the housing and land market. These policies in turn pushed up land and house prices.Banks were also required to repay loans, including quick-return plans, marriage loans, and self-employment, which in turn boosted inflation. On the one hand, state-owned banks faced capital flight, and on the other hand, declining earnings and increasing government-imposed loans led to an increase in bank spending due to annual employee salaries. Accordingly, the crises that are ahead of us are the product of the policies that were adopted and implemented during the years of his presidency (Latifi Pakdeh, 2008: 139). During the eight years of Ahmadinejad's administration, the most unprecedented levels of intrinsic consideration in the allocation of resources and the country's budget system had come.

In this regard, Ahmadinejad left various injuries and crises due to the adoption of populist economic policies. The big challenges of this government were the lack of serious management of government revenues, populist and deviant views, government debt to banks in the amount of 7 thousand billion, government debt to contractors in the amount of 200 billion tomans, which shows the inversion and disruption of Iran's economy. Thus, it can be said that the distribution of oil revenues instead of creating national wealth, important economic infrastructures were able to challenge the economy of the government at once (Fazeli, 2016: 91). In this regard, Ahmadinejad used state-owned banks as a tool for government policy-making and monopolized much of the bank's credit. He urged banks to divert national resources to low-interest geographic areas and significantly increased the volume of loans that government agencies and companies received from banks. This strategy caused that public sector debt to banks increased, banks were indebted to the central bank and forced to take out loans from the central bank and disrupting the economic system. According to the Central Bank of Iran, the government's debt to the banking system increased by 400% from 2005 to 2011 (Habibi, 2014: 6).

At first, he thought that with the employment of like-minded officials, he would reform the management of the banks and could make fundamental changes. He tried to create a new model in banking by establishing Mehr Imam Reza Bank. He made a big political mistake by interfering in banking affairs. Annual payment of 200,000 rural housing facilities at a rate of 5% annual payment of 300,000 facilities for dilapidated urban structures, payment of facilities for payment of basic goods or deadlines for repayment of installments of facilities paid to production or agricultural units are examples of policies due to the non-deferral of repayments of those loans and the government's interference in the settlement of these matters, a new issue of bank debt led to interference in the method of allocating funds and loans. Thus, the amount of government debt to banks until 2013 was over 36 thousand billion tomans. Accordingly, bank debt was one of the legacies of Ahmadinejad's government (Sarzaeim:, 2016: 148).

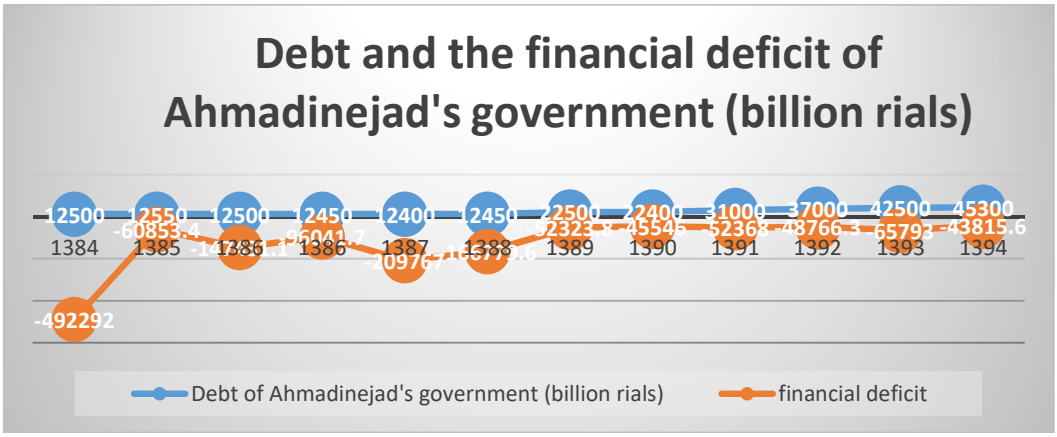


Figure 2. Debt and the financial deficit of Ahmadinejad's government (billion rials)
Resource: Economic time series data of the Central Bank of the Islamic Republic of Iran

3. The Mehr Housing Project, targeted subsidies, and provincial trips

The establishment of the ninth government in Iran in 2005 caused a paradigm shift, changing goals and implementation of the Fourth Economic and Social Program to be more under the slogan of justice. It also made the issue of inequality in the distribution of resources important and put economic welfare of low-population deciles on the government's agenda. Issues such as the entry of oil revenues into people's tables spread with the same approach. To achieve these goals, in the first to third years, the government carried out the mechanical distribution of resources by adopting methods such as provincial trips, quick-return plans, expansionary monetary policy, and the distribution of justice.

In the fourth year, the "Economic Transformation Program" was put on the government's agenda in 2009. However, the general principles and framework of the program can be interpreted by the government's policy on the "distribution of resources" assuming the existence of oil revenues.In Iran, unlike developmentalist governments, subsidies have been used not in a targeted manner in exchange for proper performance and efficiency, but often for the compensation of the poor performance of production units and prevention of them from going bankrupt. In Iran, the distributional approach prevails over the production approach. Insisting on his populist policies and oil revenues, Ahmadinejad made redistributive and expansionary policies. Therefore, contrary to his slogans in his eight-year term, he created a serious obstacle in the way of formulating and implementing human capital development policy in Iran with major institutional weaknesses. Contrary to the pattern of developmentalist governments, this type of populist distribution-oriented rentier state did not have the necessary institutional capacity for effective and efficient policy-making in the field of human capital accumulation (Valizadeh et al., 2018: 120).

Provincial trips of the Cabinet, targeted subsidies, the merger of the Revolutionary Council, the dissolution of the Management and Planning Organization, the payment of justice stocks, the Mehr Housing Project, and other such practical actions were the realization of the slogans of justice in the ninth and tenth administrations criticized by many experts who believed that provincial trips imposed exorbitant costs on the government. This feature was reinforced by criticism of the exorbitant costs of those trips. In addition to its structural and infrastructural problems, the Mehr Housing Project was recognized as one of the causes of liquidity growth and unbridled inflation. According to the head of the Central Bank of the 10th government (Mahmoud Bahmani) and the Minister of Housing and Economy of the 11th government (Hassan Rouhani's administration), 40% of the country's 44% monetary growth during that period was due to the implementation of the Mehr Housing Project. Experts, economists, and representatives severely criticized the government's implementation of targeted subsidies and other economic policies. In several letters, economists challenged the destabilization of the cooling and business environment, inflationary monetary and fiscal expansionary policies, the poor state of the banking system, uncontrolled interference in the labor market, and policies to improve the environment. Representatives and the Parliamentary Research Center always questioned the staggering growth of liquidity; the increase in imports; the manipulation of tariffs; the lack of theory, plan and the specific economic official in the government; and the hasty non-expert and unscientific implementation of targeted subsidies (Ketabi & Rahimi, 2014: 54).

The Ninth Government, with its anti-corruption and anti-poverty rhetoric, called for the need for a managerial revolution in domestic affairs, independence, and confrontation with the world's powerful countries (instead of interacting with them in foreign affairs.). And it was a violation and with a revolution Management, often former directors were replaced. Finally, amidst the fight against corruption, the best private banks, and successful factories were accused of corruption

(Jalaiepour, 2012: 16).Ahmadinejad's government followed both populist and neoclassical approaches. Its neoclassical aspect can be seen in the targeted implementation of subsidies and the liberalization of prices, which indicated populist aspects and became quite evident in the cash payment of subsidies. Although this plan was implemented with a justifiable justification for the implementation of social justice, it generally showed a deterioration in the status of subsidy payments, lack of transparency in prices, and waste in energy consumption (Qureshi, Alizadeh Aghdam, &Zair Kaaba, 2017: 158).The government came up with plans such as distributing wealth, eradicating poverty, providing services to disadvantaged areas, and fighting rent-seeking. In line with the development policy, deprivation alleviation of rural areas, justice stocks, and targeted subsidies, construction of infrastructure in rural areas along with the increase in budgets of rural areas are the main signs of the central justice discourse. The ninth government's most important goals were to distribute equity shares, distribute national wealth in a balanced way, and expand public ownership to ensure social justice and reduce reliance on government through support institutions and long-term income for low-income families. The targeted subsidies plan could not be implemented due to inequality in income distribution and lack of a basic plan for codification society due to inflation and people's reduced purchasing power (Hezar jaribi & Shali, 2013: 36-38).

The targeted subsidies plan could not be implemented due to inequality in income distribution and lack of a basic plan and lack of name of the codification society due to inflation and reduced purchasing of people. the Mehr Housing Project could not improve many quantitative and qualitative housing indicators haste in planning and implementation; government and dependence on government resources; extensive intervention in the housing market; weakness of study bases and project support; disregard for national and global experiences; and no climate, social, cultural, and economic considerations (Hosseini, 2009: 32).

The rise in oil revenues in 2005 resulted in making policies to inject oil revenues to achieve higher economic growth (Heidari, 2016: 872). During this period, credit grew in various forms and, most importantly, in the form of high-yield enterprises. Finally, it recorded a growth rate of 6.49% for liquidity for 2006. Expansion budgets and notable loans, including the Mehr Housing Project, were features of this period. Despite the injection of oil revenues and the increase in the granting of facilities, the inflation rate increased. The implementation of the targeted subsidies plan, which could be interpreted as a shock, along with the increase in oil revenues in 2011-2011, provided the peak of inflation so that the inflation rate increased from 4.12% in 2010 to 5.21% in 2011. As a result, the economic growth rate decreased from 8.5% to 3% in 2011.

4. Corruption, unemployment, Financial deficit

In Ahmadinejad's justice-oriented government, the dissolution of the PBO and its accession to the presidency, the dissolution of the Economic Council, the reduction of the apparent budget, and the addition of various credits made it difficult for parliamentary and public oversight and auditing. The government expanded bureaucracy through a large number of unregulated and illegal employments, so much so that in the ninth and tenth administrations, bureaucracy increased sharply and further expanded bureaucracy. This large volume of bureaucracy also led to an increase in corruption so that Ahmadinejad's government experienced the highest level of corruption among its predecessors (Hajilou, 2017: 107).

Elsewhere, the International Organization for Migration (IOM) ranked Iran 145th out of 177 countries in terms of administrative transparency from 2005 to 2011 (Ahmadinejad's government) (Qureshi, Alizadeh, Aghdam, Zair Kaaba: 1396, 158). Besides, Ahmadinejad's government benefited most from oil revenues to achieve immediate and targeted restrictions, as well as the implementation of contradictory populist policies, the indiscriminate distribution and cash distribution of subsidies, and oil revenues that brought oil money to the public. A system tainted with corruption and devoid of government revenue management was largely the legacy of Ahmadinejad's government (Vaziri Haneh, 2013: 17). Prominent examples of economic corruption in this government, in addition to the above-mentioned crimes, include the embezzlement of 300 billion tomans by Amin Khosravi, the CEO of a company called Aria. Economists saw financial and budgetary indiscipline as the most important cause of economic corruption in Ahmadinejad's government. To implement his populist plans, Ahmadinejad sought to appoint people who were either unknown or left out of government bureaucracy. In this regard, he was even opposed by the Iranian Principlists (conservatives) (Niakoui, 2017: 120). At the same time, preparations were made for economic movements toward redistributive policies.

The most obvious aspect of this policy was the division of justice among the lower and needy classes. Based on these policies, the government committed itself to first distributing the share of state-owned factories and the profits among these classes. Thus, the purpose of implementing this policy was to reduce the class gap in social construction by redistributing government assets. Instead of being transferred to the private sector, these companies were transferred to the cooperative sector, whose members received shares in the form of subsidies from the government (Abuzari Lotf:, 2014: 155). According to Nili et al. (2015), the net employment created by Ahmadinejad's government between 2006 and 2011 was about 70,000 people, which results in an average of 14,000 jobs a year. It can be concluded that in Iran,

the state economy is not one of the most important reasons for economic populism. The type of challenges and the type of Ahmadinejad's populist macro-management also have a significant effect on the future of the economy. Ahmadinejad's populist policies show that high levels of economic inequality, poverty, chronic unemployment, inflation, and recession became the hallmarks of his government.

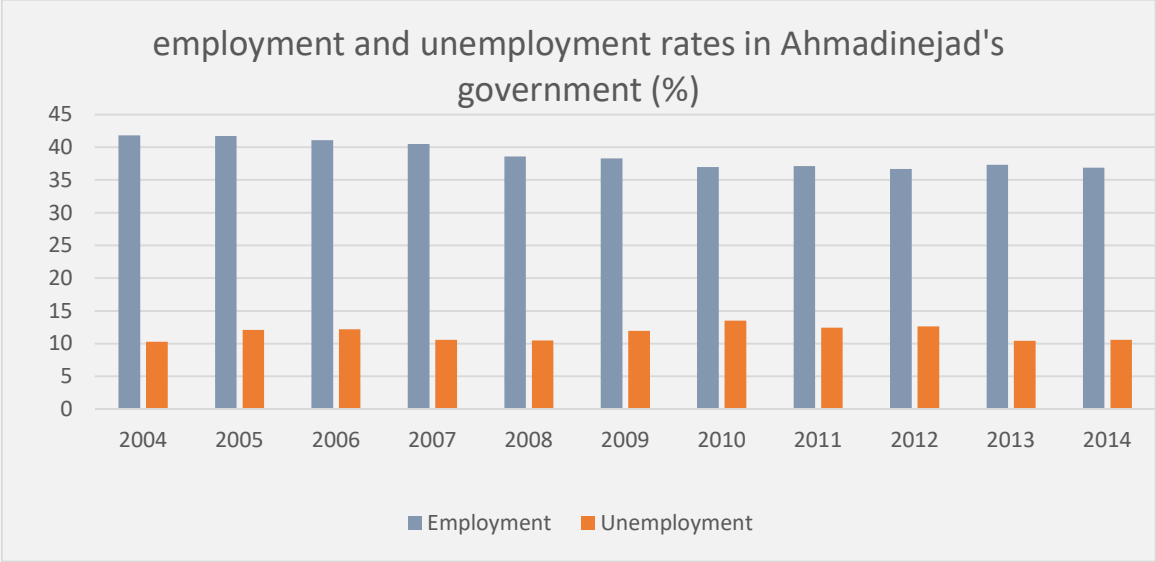


Figure 3. Employment and unemployment rates in Ahmadinejad's government
Source: International Labour Organization, ILOSTAT database.

With the victory of Alliance of Builders of Islamic Iran in the city and village council elections, Ahmadinejad received the key to running the city of Tehran and became known as populist in political circles. Although Ahmadinejad's government, like previous governments, had weaknesses, it still had the capacity and potential to ride the wave of public opinions and easily take advantage of the gap between the people and the authorities and establish a government with room for reformism (Asna Ashari, 2010: 40). The proponents and opponents of the tenth government, and even the cabinet, agreed on the issue that the reliance of the budget and the national economy on oil revenues had adverse effects on the economy and the government's reputation.

The 2012 bill specified that the government faced an unprecedented financial deficit. To hide part of this unprecedented budget deficit, the "next government's hostage-taking" was implemented. In this bill, to show the balance between government resources and expenditures in the 2013 budget bill, they predicted that they would have some domestic borrowing, foreign borrowing, and the issuance of participation bonds, which ended in the middle of the government's lifetime. In 2013, the issue of repaying those loans from that year onwards was followed by the debt of the next government (Rouhani's government) (Momeni, 2015: 98). In this sense, populism in Iran coincided with Ahmadinejad's government and the increase in oil prices so that Ahmadinejad could implement his populist economic policies with the help of oil dollars.Generally speaking, the legacy left by Ahmadinejad's government reached Rouhani's government. Most of Ahmadinejad's economic projects and policies were not fully operationalized. As a result, Rouhani was forced to pursue Ahmadinejad's crisis-prone projects and policies, adding that he thought they would continue. The stagflation and declining economic growth of Rouhani's administration today can be a proof to the claim. As a result, the continuation of such policies may continue and affect future Iranian governments.

CONCLUSION

Ahmadinejad's oil populist policymaking showed that oil revenues did not flourish as an effective tool for the economy of the rentier states. As soon as Ahmadinejad came to power, he made distributional and redistributive policies backed by oil revenues, including the allocation of cash subsidies, the establishment of the Mehr Wellbeing Fund, the distribution of equity shares, the distribution of gasoline quotas, the Mehr Housing Project, and the allocation of funds for expansionary budgets and development projects. Despite the rich oil revenues, the legacy of Ahmadinejad's government was a disrupted market, unbridled inflation, and widespread corruption in the administration, an inflation rate of 40%, chronic recession, devaluation of the national currency, bank and private sector debt, declining economic

growth, the bankruptcy of businesses, and economic instability are solely a brief description of Ahmadinejad's government. Despite the unprecedented rise in astronomical revenues of $ 650 billion, the economy was collapsing day by day. Dissolution of the PBO and its accession to the presidential institution, the Mehr Housing Project, allocation of large budget for economic infrastructure renewal, justice stocks, purchase of expensive and luxury machinery, increase of doctoral admission, inexhaustible licenses for wells, licenses for staggering scholarships, increase in poor qualitative universities, increase in pensions, severe mismanagement and haste in all various management and business sectors, manipulation and interference in the banking system, allocation and increase of government loans, low interest and high-yield enterprises regardless of facilities, resources, narrow-oriented budget with a view objective of the policy errors that led to the sharp increase in liquidity and inflation.Thus, making such decisions and policies requires a long-term and comprehensive plan based on the theories and programs of experts, economists, and specialists, all absent in Ahmadinejad's government. His economic policies were a placebo for Iran's inflationary economy, which in his opinion cannot be a sustainable cure for the Iranian economy. Iran's economy during Ahmadinejad's time, especially in the second period, was the peak of oil prices, and the revenues that his government received could strengthen the foundations of Iran's weak economy for a short time. However, his policies ended the period of Iran's economic prosperity and development enshrined in a 20-year vision document for regional power. To sum up, connecting with the general public and pointing out the dangers of populist policies, in the long run, is one of the fundamental responsibilities of private sector activists and the media. Thus, increasing transparency at all levels of policy, management, and implementation can be defined as the key social responsibility of the private sector in oil-rich countries to avoid the rise of populists.

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