



## The Epistemological Foundations of State Intervention in the Economy in the 1980s (with a Focus on Imam Khomeini's *Velayat-e Faqih*)

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### ABSTRACT

During the 1980s, the scope and limits of state intervention in Iran's economy became the subject of significant debate between two divergent interpretations of Imam Khomeini's theory of Velayat-e Faqih (Guardianship of the Islamic Jurist). Prior to the revolution, Shi'a jurisprudence had largely embraced an individual-centered approach that upheld private property rights and confined governmental involvement to the boundaries of established jurisprudential rules, most notably the principle of taslit (dominion over property). By contrast, Imam Khomeini and several of his followers—most notably Ayatollah Beheshti—advanced a substantially broader interpretation within the framework of “governmental jurisprudence.” This approach attributed extensive authority to the Wali al-Faqih, prioritizing maslahat (public interest) and the preservation of the Islamic system and revolutionary order over strict adherence to traditional jurisprudential norms. Within this framework, the Wali al-Faqih is empowered to restrict or modify otherwise legitimate private property rights in pursuit of higher systemic interests. This theoretical foundation served to legitimize and philosophically underpin expansive state intervention in economic affairs, particularly under extraordinary conditions such as war. Employing a documentary and library-based research methodology, this study draws on jurisprudential sources, historical documents, and jurists' opinions, utilizing content analysis to examine the impact of the theory of absolute Velayat-e Faqih on economic policymaking. The findings underscore the central role of maslahat in prioritizing public welfare and regime preservation over traditional jurisprudential constraints, thereby facilitating the moderation of previously restrictive legal interpretations. Moreover, tensions between jurists and economic experts regarding the appropriate extent of state involvement in the economy were resolved through recourse to the authority of the Wali al-Faqih and the operative function of maslahat. Overall, the theory of absolute Velayat-e Faqih provided the principal source of legitimacy for expanded state intervention in the economy, particularly during the first half of the decade.

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## 1. Introduction

This study provides an in-depth examination of the epistemological, jurisprudential, and socio-political foundations that shaped the Iranian state's economic intervention policies during the 1980s, with a particular focus on the interpretation and application of Imam Khomeini's theory of *Velayat-e Faqih* (Guardianship of the Islamic Jurist). Following the 1979 Islamic Revolution and amid the prolonged Iran–Iraq War, the revolutionary government confronted fundamental questions concerning the legitimacy, scope, and limits of state authority in economic governance. These questions unfolded as a critical contest between two fundamentally divergent paradigms within Shi'a jurisprudence and political theology.

## 2. Problem Statement

Historically, Shi'a jurisprudence had predominantly advanced an individual-centered legal framework in economic affairs. This approach strongly emphasized the inviolability of private property through principles such as *taslit*, which accords individuals broad dominion over their possessions. Within this framework, state intervention was traditionally limited to safeguarding market security and protecting property rights, without exercising extensive control over economic resources. This conservative legal doctrine was institutionalized in bodies such as the Guardian Council, whose members were charged with vetting legislation for conformity with Islamic law. During the early post-revolutionary period, the Council frequently expressed reservations and vetoed various economic policies—such as land redistribution and nationalization—that were perceived as threats to individual ownership. These actions reflected an economic conservatism consistent with dominant Shi'a jurisprudential norms and traditional principles of property protection.

In sharp contrast, Imam Khomeini articulated and promoted a transformative interpretation known as “governmental jurisprudence” (*fiqh-e hokūmati*). This doctrinal shift elevated the concept of absolute *Velayat-e Faqih* to the highest level of political authority, endowing the jurist—conceived as the deputy of the infallible Imam Mahdi—with comprehensive and supreme governing powers. The scope of these powers extended beyond the application of religious law to encompass full sovereignty, including political leadership, social governance, and substantive economic management.

Central to this framework was the principle of *maslahat*—often translated as public interest or expediency—which Khomeini and his followers conceptualized as a flexible, overriding criterion allowing the jurist to suspend or reinterpret fixed jurisprudential rulings when required to preserve the Islamic system and revolutionary order. This principle functioned as a jurisprudential mechanism for reconciling the practical exigencies of governance with the ideal of religious legality. Consequently, the *Wali al-Faqih* was vested with the authority to limit, modify, or even abrogate otherwise legitimate private property rights in pursuit of higher systemic and societal objectives. In this manner, sovereignty in the Islamic Republic was redefined, with the preservation of the regime and the Islamic social order placed above individual property protections embedded in classical Shi'a jurisprudence.

This epistemic and jurisprudential shift provided the ideological and legal foundation for an expanded governmental role in economic affairs, justified not only by revolutionary ideology but also by the acute exigencies of wartime conditions. The Iran–Iraq War (1980–1988) severely disrupted market mechanisms, resource availability, and social equity, rendering traditional market-based economic arrangements incapable of ensuring stability or equitable distribution. Under these exceptional circumstances, extensive state involvement in economic functions—

including price controls, resource allocation, nationalization of key industries, and stringent regulatory oversight—was rationalized as a duty incumbent upon the guardianship of the jurist.

### 3. Methodology

Methodologically, this research adopts a qualitative documentary approach, drawing on a wide range of primary sources, including Imam Khomeini's writings and speeches; official decrees, legislative texts, and minutes from constitutional and advisory institutions such as the Guardian Council; juristic opinions and fatwas issued by prominent clerics and political decision-makers; and memoirs and interviews reflecting firsthand accounts from influential figures of the period. These materials are complemented by secondary academic studies in Islamic jurisprudence, political theory, and economic history, which provide critical context and comparative perspectives. The primary analytical method employed is qualitative content analysis, aimed at elucidating epistemic transformations in governance ideology, jurisprudential practice, and economic policymaking during this formative era.

### 4. Findings

The findings underscore the pivotal role of *maslahat* as a jurisprudential bridge enabling the state to privilege collective welfare and revolutionary preservation over rigid legal formalism. This turn toward pragmatic governance facilitated the subordination of classical protections of private ownership to broader societal and ideological imperatives. As a result, the reinterpretation and moderation of traditional legal constraints allowed the Islamic Republic to pursue an assertive and interventionist economic agenda, markedly distinct from both the policies of the pre-revolutionary monarchy and orthodox jurisprudential limitations.

The analysis further identifies persistent tensions and theoretical disputes within the clerical establishment. On one side stood jurists who advocated strict adherence to jurisprudential limits on state economic intervention; on the other were reformist clerics and technocratic experts who favored flexible, empirically informed economic management compatible with the demands of governance and development. These debates revolved around the scope and legitimacy of the *Wali al-Faqih*'s authority and the interpretive latitude required to define and apply *maslahat*. While conservative voices warned against potential erosion of Islamic legal integrity and the risks of arbitrary governance, proponents emphasized the existential necessity of pragmatic discretion to sustain the revolution and promote social justice. In practice, such conflicts were typically resolved through interpretive interventions by the supreme religious authority, reaffirming the primacy of guardianship and legitimizing flexible jurisprudential reasoning in support of state economic policies.

Situating these developments within their broader socio-historical context, the study highlights the enduring alliance between the clergy and the bazaar merchant class—an alliance historically reinforced through religious endowments (*waqf*), religious taxes (*khums*), and shared economic interests. This relationship often rendered the religious establishment cautious toward radical economic reforms perceived as threatening private-sector interests, particularly those of merchants. Nevertheless, the imperatives of revolutionary consolidation and wartime exigency increasingly compelled the expansion of state economic authority, thereby challenging entrenched economic interests and ideological assumptions.

Beyond economic policy, the institutionalization of absolute *Velayat-e Faqih* carried significant theoretical and practical implications. It introduced a political theology in which governance legitimacy became inseparable from religious authority, effectively merging jurisprudential and executive functions within a single locus of power. While this fusion facilitated rapid policy

implementation, it also heightened concerns regarding the concentration of authority and the erosion of traditional checks and balances, especially in economic decision-making. The central role accorded to the *Wali al-Faqih* thus generated enduring tensions within the clerical community, particularly among those apprehensive about potential overreach and the marginalization of independent jurisprudential deliberation.

From an economic perspective, the wartime context intensified the state's imperative to intervene decisively in markets, frequently overriding principles of competition and private ownership to ensure access, distribution, and social equity. Such interventions were justified not merely as temporary measures but as expressions of a broader conception of Islamic governance prioritizing collective stability and moral economic order. This contextual dimension underscores the inseparability of jurisprudential theory from political and socio-economic realities in revolutionary Iran.

Ultimately, this study demonstrates how the theory of absolute *Velayat-e Faqih* established a framework in which political expediency, revolutionary ideology, and Islamic jurisprudence converged to reshape economic governance. This framework laid the foundation for subsequent policy trajectories extending into the post-war reconstruction period and beyond. A clear understanding of these historical and epistemic foundations remains essential for analyzing contemporary debates over Iranian economic policy and the ongoing evolution of *Velayat-e Faqih* under shifting domestic and international conditions.

Future research may further explore the evolution of absolute *Velayat-e Faqih* in response to global neoliberal economic trends, the persistent tensions between Islamic legal orthodoxy and modern economic imperatives, and the broader socio-political implications of these dynamics for governance legitimacy. Additional sociological and political-economic investigations into the clergy–bazaar nexus likewise hold significant potential for illuminating the complex interrelations among religion, economy, and state power in contemporary Iran.

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