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Privatization and Social Rights in Light of the Constitution of the Islamic Republic of Iran: An Analysis of the Requirements of the Regulatory State and Social Justice

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Privatization, as one of the most significant economic and administrative policies of recent decades, has brought about extensive transformations in the structure of public governance and the provision of public services. Although this policy has been pursued with objectives such as enhancing efficiency, reducing direct government involvement, and expanding private-sector participation, its implementation in the sphere of social rights has created substantial challenges concerning the realization of social justice and the fulfillment of governmental obligations. The principal issue addressed in the present study is the impact of privatization on the obligations of the social state within the public-law system of the Islamic Republic of Iran and the extent to which this policy complies with constitutional and human rights requirements. Using a descriptive-analytical method and drawing on library sources, domestic and international legal instruments, and an analysis of administrative practices, this study examines the effects of privatization in the areas of education, employment, health, social security, housing, and public services. The findings indicate that privatization in Iran has predominantly been implemented from an economic perspective and without the establishment of effective regulatory and social-protection mechanisms. In some instances, this has resulted in the gradual commodification of social rights, the intensification of structural inequalities, and the weakening of equality among citizens. According to the findings, the legitimacy of privatization within Iran's public-law system depends on the establishment of a "regulatory state" model, the mandatory incorporation of a social justice impact framework, the guarantee of minimum levels of social protection, and the effective supervision of privatization processes by public institutions. Ultimately, the study proposes a model of "regulated and justice-oriented privatization" as an approach compatible with the constitutional foundations of the Islamic Republic of Iran.

Keywords: *Privatization, social state, public law, social rights, social justice, regulatory state.*

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1. Introduction

In recent decades, privatization has acquired a prominent position in the legal and economic systems of various countries as one of the most important policies for reforming economic and administrative structures. Primarily pursued with objectives such as increasing economic efficiency, reducing direct government involvement, improving productivity, and expanding private-sector participation, this policy has gradually moved beyond purely economic activities and extended into the provision of public services and the sphere of social rights (Megginson & Netter, 2001; Savas, 2000). Nevertheless, the expansion of privatization into areas such as education, health, social security, housing, and public services has raised fundamental questions concerning the permissible limits of market intervention and the continuation of the state's obligations toward citizens' social rights (Deakin, 2011; Harvey, 2005).

In contemporary public-law literature, the theory of the social state is founded on the premise that the state is not merely responsible for maintaining public order and safeguarding negative liberties; rather, it is also required, through redistributive policies and the protection of social rights, to create the conditions necessary for citizens to enjoy, on an equal basis, the minimum requirements of a dignified life. Within this framework, education, health, social security, and housing constitute fundamental state obligations and cannot be entrusted exclusively to market mechanisms (Barr, 2012; Esping-Andersen, 1990).

In the contemporary public-law system, the state is not merely an economic actor; it is also the principal institution responsible for safeguarding social justice, equality among citizens, and human dignity (Esping-Andersen, 1990; Hashemi, 2019). Consequently, even where the state reduces its direct operational role, its sovereign responsibility to guarantee citizens' equal and effective access to social rights remains intact. Within this framework, the principal challenge is not private-sector participation as such, but rather the determination of the legitimate limits of privatization and the manner in which it can be reconciled with the requirements of the social state (Deakin, 2011).

In the legal system of the Islamic Republic of Iran, privatization policy, particularly following the promulgation of the General Policies of Article 44 of the Constitution, has likewise become one of the principal dimensions of economic transformation (Abbasi, 2025). Nevertheless, the practical experience of implementing privatization in certain sectors and economic enterprises has demonstrated that the absence of effective regulatory mechanisms, weak public oversight, and insufficient attention to the social effects of transfers have, in some instances, weakened employment security, intensified inequality in access to public services, and widened social divisions (Mousazadeh, 2025; Shirovi, 2013). This situation reveals the need to reconsider the relationship between privatization and the obligations of the social state.

A review of the relevant literature indicates that domestic and foreign studies of privatization have generally concentrated on three principal areas: first, the evaluation of the economic effects of privatization, with emphasis on indicators such as efficiency, productivity, and reductions in public expenditure; second, the managerial and operational analysis of transfer processes; and third, sector-specific examinations of the consequences of privatization in fields such as education, health, or employment. Notwithstanding the scholarly value of these studies, most have either adopted an economically oriented approach or examined the effects of privatization in a fragmented and sectoral manner. In Iranian legal scholarship, although studies have addressed Article 44 of the Constitution, the limits of state intervention in the economy, and certain social consequences of privatization, relatively little research has offered an integrated analysis of the relationship between privatization and the obligations of the social state within a public-law framework (Abbasi, 2025; Hashemi, 2019; Shirovi, 2013).

Furthermore, most existing studies have not independently addressed the question of the "limits of the legal legitimacy of privatization" or the role of the regulatory state in safeguarding citizens' social rights. In particular, there is a significant research gap concerning the formulation of public-law criteria for assessing the legitimacy of privatization and measuring its conformity with the obligations arising from the principles of the Constitution of the Islamic Republic of Iran and international human rights standards (Barr, 2012; Esping-Andersen, 1990; Mashaw, 2006). By adopting an approach grounded in social-state theory and public law, the present study seeks to address this gap and to provide a legal model for evaluating privatization in light of the state's obligations concerning social rights.

Accordingly, the present study seeks to answer the following fundamental question: What impact has privatization had on the obligations of the social state in the sphere of social rights within the legal system of the Islamic Republic of Iran, and what are the limits of its legitimacy from a public-law perspective? The principal hypothesis is that, in the absence of effective regulation and necessary protective guarantees, privatization may weaken the state's protective function and lead to the gradual commodification of social rights, whereas regulated privatization grounded in public-law obligations may be compatible with the requirements of the social state.

Using a descriptive-analytical method and drawing on library sources, legal instruments, domestic practices, and international human rights standards, the present study examines this issue and seeks to propose a legal model for aligning privatization with the requirements of the social state within Iran's public-law system.

The article is structured as follows. It first explains the theoretical foundations of privatization and the social state within the framework of public law. It then examines the effects of privatization on the principal fields of social rights, including education, employment, health, social security, housing, and public services. Subsequently, it analyzes the limits of the legitimacy of privatization from the perspective of public law and the requirements of the social state. Finally, it proposes a legal model for reconciling privatization with the obligations of the social state in the legal system of the Islamic Republic of Iran.

2. Research Background

A review of the literature indicates that studies concerning privatization in Iran may generally be classified into three categories. The first consists of studies examining privatization from economic and managerial perspectives. Focusing primarily on indicators such as increased efficiency, reduced public expenditure, enhanced competition, and improved productivity among economic enterprises, these studies have analyzed privatization as an instrument for restructuring the economy and reducing direct government involvement (Megginson & Netter, 2001; Savas, 2000). Although the findings of this body of research are important for explaining the economic consequences of privatization, they have frequently neglected its legal and social effects.

The second category includes studies focusing on the General Policies of Article 44 of the Constitution and their implementation, including analyses of the challenges associated with transfers, the performance of the Iranian Privatization Organization, and the institutional obstacles to privatization. These studies have primarily concentrated on the operational dimensions of transfers, the structural problems of state-owned enterprises, transparency in privatization procedures, and the economic evaluation of privatization (Mousazadeh, 2025; Shirovi, 2013). Despite their importance, most have devoted insufficient attention to the question of how privatization affects the state's obligations toward citizens' social rights.

The third category consists of public-law and welfare-oriented studies addressing matters such as the social state, social justice, and the state's protective obligations. These studies emphasize the role of the state in guaranteeing social rights, protecting vulnerable groups, and undertaking public intervention to realize social justice (Abbasi, 2025; Hashemi, 2019; Mousazadeh, 2025). Nevertheless, the relationship between privatization and social rights within the framework of social-state theory and Iranian public law has rarely been examined independently and systematically.

In foreign scholarship, privatization has not been evaluated merely as an economic policy; its effects on the welfare state, citizenship rights, distributive justice, and state responsibilities have also received considerable attention. In this regard, theorists such as John Rawls (Rawls, 1971), T. H. Marshall (Marshall, 1950), and Jürgen Habermas (Habermas, 1996) have emphasized that the legitimacy of economic policies depends on their compatibility with the principles of social justice, human dignity, and equality among citizens. More recent studies concerning the regulatory state and the welfare state likewise demonstrate that, even when public services are transferred to private providers, the state retains ultimate responsibility for guaranteeing minimum levels of social rights (Barr, 2012; Esping-Andersen, 1990; Majone, 1997).

Despite the expansion of domestic and foreign scholarship on privatization, the literature review reveals a significant gap in existing research. Most domestic studies have either focused on the economic consequences of privatization or merely described its operational effects without employing a coherent theoretical framework. Foreign studies, by contrast, have generally been conducted within Western legal systems and have rarely examined privatization within the constitutional framework of the Islamic Republic of Iran. Accordingly, the present study seeks to integrate the theoretical foundations of the social state, distributive justice, and the regulatory state in order to analyze the relationship between privatization and citizens' social rights within the public-law system of the Islamic Republic of Iran and to clarify the limits of the legitimacy of privatization in light of the state's obligations concerning social justice, human dignity, and citizens' fundamental rights.

Despite the expansion of scholarship on privatization in Iran, most previous studies have examined the phenomenon from economic, managerial, and operational-efficiency perspectives, concentrating principally on the effects of privatization on productivity, the reduction of direct government involvement, or the implementation challenges associated with the General Policies of Article 44 of the Constitution. By contrast, privatization has rarely been systematically examined from a public-law perspective or in terms of its impact on the state's obligations toward citizens' social rights within a coherent theoretical framework.

The first innovation of the present study lies in providing a public-law analysis of privatization in light of the theories of the social state and the regulatory state. Unlike a substantial body of existing research, which analyzes privatization exclusively as an economic policy, this study examines it as a phenomenon affecting the nature of the state's social obligations and equality among citizens.

The second innovation is the explanation of the relationship between privatization and social rights within a unified analytical framework. The study analyzes the effects of privatization on education, employment, social security, health, housing, and urban public rights in an integrated manner and in connection with the constitutional principles of the Islamic Republic of Iran, whereas previous studies have generally examined these areas separately and fragmentarily.

The third innovation is the proposal of a model of "regulated privatization based on public-law obligations." Under this model, the legitimacy of privatization is assessed not merely on the basis of economic efficiency but also according to its compatibility with the requirements of social justice, equality among citizens, human dignity, and the state's constitutional obligations. From this perspective, the present study seeks to formulate the legal criteria necessary to determine the legitimate limits of market logic within the sphere of social rights.

3. Theoretical Foundations of Privatization and Social Rights

In its classical sense, privatization refers to the process of transferring the ownership, management, or provision of public services from the state to the private sector. Since the final decades of the twentieth century, and concurrently with the expansion of neoliberal approaches, this policy has become one of the principal instruments for reforming the economic and administrative structures of states (Savas, 2000). Advocates of privatization maintain that reducing direct government involvement, promoting competition, and expanding market mechanisms can increase productivity, improve service quality, and reduce public expenditure (Shirley, 1999). On this basis, privatization has expanded in many countries not only within economic activities but also into the provision of public services.

In contemporary public law, however, privatization is not regarded merely as an economic policy. Because of its direct relationship with citizens' fundamental rights, it possesses extensive legal, social, and political dimensions (Freeman, 2000). From this perspective, the principal issue is not merely the transfer of activities from the public to the private sector, but the determination of the legitimate limits of market intervention in the sphere of public rights and social services. In other words, the fundamental question is the extent to which services connected to social rights may be entrusted to market mechanisms without weakening the state's fundamental obligations toward citizens.

Answering this question requires reference to the theory of the "social state." In systems founded on the social-state model, the state is not merely responsible for maintaining public order or protecting civil liberties; it is also required to guarantee minimum standards of welfare, social protection, and equitable access to fundamental rights (Hashemi, 2019). Within this framework, social rights constitute a component of citizens' fundamental rights, and even where the state reduces its direct economic role, it cannot relinquish its responsibility for guaranteeing those rights.

In his influential theory of citizenship, T. H. Marshall identifies social rights as an advanced stage in the development of citizenship rights and argues that genuine equality among citizens cannot be realized without guaranteeing minimum standards of social welfare (Marshall, 1950). Accordingly, access to education, health, social security, decent employment, and adequate housing constitutes part of the obligations of the modern state toward its citizens.

Within the same framework, John Rawls's theory of distributive justice emphasizes that political and economic institutions are legitimate only where they operate to reduce unfair inequalities and protect disadvantaged groups (Rawls, 1971). From Rawls's perspective, economic efficiency alone cannot provide a sufficient basis for the legitimacy of public policies; social justice and respect for human dignity must also remain central to the evaluation of economic measures. Consequently, where privatization is based exclusively on profitability and the reduction of public expenditure, it may lead to the commodification of social rights and the weakening of social justice.

To establish a balance between economic efficiency and the requirements of social justice, contemporary public-law scholarship has developed the concept of the "regulatory state" (Abbasi, 2025; Hashemi, 2019). Although a regulatory state may transfer certain economic activities and public services to the private sector, it remains responsible for regulation, supervision, and the protection of citizens' fundamental rights (Majone, 1997). Accordingly, a reduction in the state's direct economic role does not imply the disappearance of its public-law responsibility; rather, it transforms the manner in which that responsibility is discharged.

In the constitutional system of the Islamic Republic of Iran, the foundations of the social state are likewise reflected in several constitutional principles. Articles 28, 29, 30, and 31 of the Constitution recognize, respectively, the rights to employment, social security, education, and housing and require the state to guarantee citizens' access to these rights (Abbasi, 2025). Articles 3 and 43 further emphasize the eradication of poverty, the satisfaction of basic needs, and the realization of social justice (Hashemi, 2019). From this perspective, privatization within the Iranian legal system is legitimate only where it is implemented in a manner consistent with social justice, human dignity, and equality among citizens.

Accordingly, the central challenge of contemporary public law does not concern private-sector participation as such, but rather the need to prevent market logic from displacing the state's fundamental obligations toward citizens' social rights. Ultimately, the legitimacy of privatization depends on its ability to establish a balance between economic efficiency and the requirements of social justice (Hashemi, 2019).

In light of the foregoing theoretical foundations, the question arises as to the extent to which privatization policy in the legal system of the Islamic Republic of Iran has been compatible with the requirements of the social state and constitutional principles. From this perspective, the examination of privatization within Iran's constitutional structure and the General Policies of Article 44 of the Constitution assumes fundamental importance.

4. Privatization in the Legal System of the Islamic Republic of Iran and the General Policies of Article 44 of the Constitution

Privatization in the Islamic Republic of Iran cannot be analyzed merely as an economic policy or a program for transferring ownership of state-owned enterprises to the private sector. At a deeper level, it concerns the redefinition of the state's position within the public-law structure and the restructuring of relations among the state, the market, and citizens. From this perspective, privatization has effects extending beyond the economic sphere and is directly connected to the state's public obligations, the protection of social rights, and the concept of social justice (Tabatabai Motameni, 2021).

At the time of its adoption, Article 44 of the Constitution of the Islamic Republic of Iran was based on an extensive governmental role in directing and administering the principal sectors of the economy and divided the national economy into public, cooperative, and private sectors (Abbasi, 2025). Nevertheless, economic developments in recent decades, the expansion of direct governmental involvement, the declining efficiency of certain economic enterprises, and the need for structural economic reform created the conditions for reconsidering the manner in which this article was implemented (Hashemi, 2019).

The promulgation of the General Policies of Article 44 of the Constitution in 2005 must be regarded as a turning point in the transformation of the economic and administrative system of the Islamic Republic of Iran. These policies were formulated with objectives including reducing direct government involvement, promoting competition, increasing productivity, expanding private-sector participation, and accelerating economic growth (Abbasi, 2025). As a result of their implementation, a substantial proportion of economic activities and public services was transferred to private and nongovernmental entities.

Nevertheless, the fundamental issue is that privatization in Iran's public-law system is not merely a transfer of economic ownership; it also entails a redefinition of the limits of the state's responsibilities toward citizens' fundamental rights. Indeed, the reduction of the state's direct economic role does not entail the disappearance of its social and legal responsibilities, because the state remains the ultimate guarantor of social justice, the protection of human dignity, and citizens' equal access to social rights (Hashemi, 2019; Rawls, 1971).

This interpretation is rooted in the constitutional philosophy of the Islamic Republic of Iran. Articles 3, 28, 29, 30, and 31 of the Constitution require the state to eradicate poverty, provide equal opportunities, and guarantee employment, education, social security, and adequate housing for citizens. Accordingly, the legitimacy of privatization within Iran's legal system cannot be evaluated solely on the basis of economic indicators; its conformity with constitutional obligations concerning social justice must also be assessed.

The practical experience of privatization in Iran demonstrates that, in many instances, the objectives envisaged in the General Policies of Article 44 have not been fully realized. Some transfers have not resulted in the expansion of economic competition but instead in the transfer of monopolistic power from the public sector to quasi-public institutions or rent-seeking groups (Shirovi, 2013). Furthermore, inadequate transparency, the absence of a system for assessing the social consequences of transfers, and ineffective oversight mechanisms have created substantial challenges in the fields of employment, production, and workers' rights.

The cases of the Haft-Tappeh Sugarcane Company and the Heavy Equipment Production Company, commonly known as HEPCO, are among the most prominent examples of this situation. These experiences demonstrated that privatization without effective legal supervision may generate labor crises, weaken employment security and production, and reduce public confidence in the state's economic policies (Mousazadeh, 2025). From this perspective, the principal problem of privatization in Iran is not the transfer of ownership itself, but rather the absence of sufficient legal requirements to safeguard the social consequences of such transfers.

Accordingly, the Iranian experience suggests that the preferred model of privatization in public law is the "regulatory state," under which the state, while reducing its direct operational role, remains responsible for regulating the market, guaranteeing fair competition, protecting social rights, and supervising private-sector performance (Majone, 1997). Under such a model, the transfer of public services in the absence of an effective regulatory system would be incompatible with the philosophy of the social state.

From a public-law perspective, privatization cannot become an instrument for reducing the state's obligations toward citizens' social rights. Even where public services are transferred to private providers, the state remains required to guarantee equal access to essential services, prevent structural discrimination, and protect vulnerable groups.

Consequently, the legitimacy of privatization in the Islamic Republic of Iran must be evaluated in light of three fundamental criteria: first, the degree of adherence to social justice; second, the extent to which citizens' fundamental rights are guaranteed; and third, the realization of good-governance requirements, including transparency, accountability, and public oversight (Sen, 1999). On this basis, privatization is compatible with the public-law philosophy of the Islamic Republic of Iran only where it is implemented within a regulatory-state framework and preserves the state's social obligations.

Accordingly, a final evaluation of privatization policy in Iran requires an examination of its effects across the various fields of social rights, in which the relationship between market logic and the obligations of the social state becomes objectively and concretely observable.

5. The Consequences of Privatization for Social Rights in Iran: A Public-Law Analysis of Employment, Social Security, Health, Education, and Housing

In contemporary states, social rights are not merely a collection of welfare benefits or services; rather, they constitute a component of citizens' fundamental rights and ensure the practical realization of equality, human dignity, and effective participation in social life. From this perspective, fields such as employment, social security, health, education, and housing are not merely domains of economic policymaking but arenas in which the state's fundamental public-law obligations are fulfilled.

In recent decades, the expansion of privatization policies has substantially transformed the provision of public services and the discharge of the state's social obligations. Initially introduced to increase economic efficiency, reduce public expenditure, and improve productivity, privatization gradually extended into areas directly connected to citizens' fundamental rights. This development has raised essential questions regarding the legitimate limits of market logic within the sphere of social rights and the continuation of the state's responsibility toward citizens.

From the perspective of social-state theory, a reduction in direct government involvement does not entail the disappearance of the state's social responsibilities. Even where public services are transferred to the private sector, the state remains responsible for guaranteeing citizens' equal access to social rights, preventing structural discrimination, and protecting vulnerable groups. For this reason, the legitimacy of privatization cannot be assessed solely through economic indicators such as productivity, profitability, or competitiveness; its impact on the realization of social rights must also constitute a principal criterion of evaluation.

Contemporary public-law literature demonstrates that privatization in fields connected to social rights may have dual effects. On the one hand, private-sector participation may improve service quality, expand infrastructure, and increase efficiency. On the other hand, in the absence of effective regulation and appropriate protective mechanisms, it may generate the commodification of social rights, deepen inequalities, and make access to essential services dependent on citizens' economic capacity. Under such circumstances, social rights gradually cease to operate as universal rights and become privileges based on economic power.

Iran's experience of privatization likewise indicates that the principal challenge has not been private-sector participation itself, but rather the weakness of the regulatory system and the absence of effective mechanisms for protecting citizens' social rights. In many instances, transfers have occurred without social-impact assessments, guarantees for vulnerable groups, or adequate supervisory instruments. In certain fields, this situation has weakened employment security, increased inequality in access to public services, and widened social divisions.

Accordingly, evaluating the effects of privatization on social rights requires an examination of its compatibility with the requirements of the social state, distributive justice, and the state's public-law obligations. The following sections analyze the impact of privatization on the principal social rights of citizens, including the rights to employment, social security, health, education, and housing, in order to clarify the limits of the legitimacy of this policy within Iran's public-law system.

5.1. Privatization and the Rights to Employment and Social Security: Challenges to Employment Security and the State's Protective Obligations

The rights to employment and social security are among the most fundamental social rights, and their effective realization is directly connected to human dignity, social justice, and the political and economic stability of societies. In legal systems based on the social-state model, employment is not regarded merely as a private contractual relationship between an employee and an employer; rather, it performs a public and social function. Accordingly, the state is required, through policymaking, regulation, and effective supervision, to establish the conditions necessary for citizens to enjoy decent employment and social protection (Hashemi, 2019; Marshall, 1950).

Within the legal system of the Islamic Republic of Iran, Articles 28 and 29 of the Constitution recognize the rights to employment and social security as citizens' fundamental rights and require the state to provide the conditions necessary for employment, job security, and protection against social risks such as unemployment, illness, disability, and retirement. Accordingly, any economic policy affecting employment conditions and systems of social protection has public-law implications and must be assessed in light of the state's social obligations.

Privatization is among the policies that have far-reaching consequences for the labor market and the social security system. Its advocates argue that transferring economic enterprises to the private sector can promote economic development and create new employment opportunities by increasing productivity, enhancing competition, and improving management. From this perspective, privatization is not necessarily a threat to employment and may instead improve the functioning of the labor market (Megginson & Netter, 2001).

Nevertheless, the practical experience of privatization in different countries demonstrates that the realization of these objectives depends on the existence of appropriate legal and institutional conditions. Where transfers occur without a careful assessment of purchasers' qualifications, effective supervisory mechanisms, or protective guarantees for workers, privatization may reduce employment security, expand temporary contractual arrangements, and weaken workers' rights (Rawls, 1971; Sen, 1999). Accordingly, contemporary public-law literature does not evaluate privatization solely according to economic indicators but also considers its effects on the fundamental rights of the workforce.

Iran's privatization experience reveals clear examples of this challenge. The case of the Haft-Tappeh Sugarcane Company, one of the most significant transfers of recent years, demonstrated that inadequate supervision of the transfer process and failure to assess investors' qualifications accurately may generate extensive labor crises, repeated delays in wage payments, and social protests (Mousazadeh, 2025). The experiences of HEPCO in Arak and the Azarab Company likewise indicate that transferring ownership to the private sector, in the absence of appropriate regulatory mechanisms, does not necessarily increase productivity and may instead reduce production, undermine employment security, and erode public confidence in privatization policies (Shirovi, 2013).

From a public-law perspective, stable employment is not merely of economic value; it is also one of the principal preconditions for citizens' enjoyment of other social rights, including social security, health, education, and housing. Consequently, any economic policy producing widespread instability in the labor market may have cascading effects throughout the system of social protection.

Within the same framework, the relationship between privatization and the social security system assumes particular importance. The right to social security is a central pillar of the social state and is intended to protect citizens against economic and social risks. Declining stable employment, the expansion of temporary contracts, and reduced insurance contributions may weaken the financial resources of social insurance funds and diminish the effectiveness of protective systems. In Iran, the financial crisis affecting certain pension funds and their increasing dependence on the public budget further underscore the need to consider the social effects of economic policies, including privatization.

Accordingly, privatization is compatible with public-law principles and the requirements of the social state only where it is accompanied by guarantees of employment security, the preservation of workers' acquired rights, the continuity of insurance coverage, and sustained governmental supervision of purchasers' obligations. The state cannot invoke the transfer of ownership as a basis for denying responsibility for the social consequences of privatization. On the contrary, as the state's direct ownership role declines, the need for regulatory intervention to protect citizens' social rights becomes more pronounced.

Therefore, the criterion for the legitimacy of privatization in the fields of employment and social security is not merely increased economic efficiency, but the ability of the legal system to balance market requirements, employment security, and the protection of citizens' social rights. Privatization is compatible with the philosophy of public law only where it simultaneously promotes economic productivity and social justice. Otherwise, it may deepen inequalities and weaken the state's protective function.

6. Privatization and the Right to Health: Between Economic Efficiency and Healthcare Justice

The right to health is one of citizens' most fundamental social rights and a central component of human dignity within contemporary legal systems. This right concerns not only individual access to healthcare and medical services but also a range of positive state obligations relating to the provision of healthcare infrastructure, the guarantee of equal access, the protection of vulnerable groups, and the prevention of discrimination in the enjoyment of health services. For this reason, contemporary public law does not regard health merely as an economic service or tradable commodity but as a fundamental public interest for which the state bears direct and continuing responsibility (Eide, 2001).

Although the Constitution of the Islamic Republic of Iran does not expressly employ the phrase "right to health," several constitutional provisions, including Articles 3, 29, and 43, require the state to promote public welfare, expand healthcare and medical services, and provide social protection for citizens. From this perspective, access to health services must be regarded as a fundamental social right, responsibility for which the state cannot evade even where its direct economic role is reduced (Hashemi, 2019).

Nevertheless, in recent decades, structural reform policies and an increasing reliance on market mechanisms have expanded the role of the private sector in the health systems of many countries. Advocates of privatization argue that private-sector involvement may address some inefficiencies within public healthcare systems by increasing competition, improving productivity, expanding healthcare infrastructure, and enhancing service quality. From this perspective, private participation may reduce financial pressure on the state and increase the diversity of healthcare services (Saltman, 2008).

However, privatization in the field of health cannot be evaluated solely according to indicators of economic efficiency. The distinctive characteristics of healthcare services, including informational asymmetry between providers and recipients, the urgent nature of medical intervention, and the direct relationship between health, the right to life, and human dignity, mean that market logic alone cannot adequately regulate this field. Accordingly, many social-rights theorists maintain that, even where the private sector plays an extensive role, the state retains ultimate responsibility for guaranteeing equitable access to healthcare services (Marshall, 1992).

One of the most significant challenges associated with the extensive privatization of healthcare services is the increase in inequality of access. Where healthcare provision is organized primarily according to economic profitability, low-income groups, older persons, residents of disadvantaged regions, and other vulnerable populations are particularly exposed to deprivation of high-quality medical care. Under such circumstances, health gradually changes from a universal social right into an economic commodity, a process incompatible with the philosophy of the social state and the principles of distributive justice (Rawls, 1971).

From the perspective of Rawlsian justice, social and economic institutions are legitimate only where the inequalities they generate operate to the benefit of the least advantaged members of society. Accordingly, the privatization of healthcare services is defensible only where it not only increases the efficiency of the healthcare system but also guarantees vulnerable groups' access to essential services. Otherwise, the expansion of market mechanisms in healthcare may reproduce and intensify social inequalities.

Iran's healthcare experience likewise demonstrates that the principal challenge is not the mere presence of the private sector, but ineffective regulation and weak protective mechanisms. In recent years, the growing share of out-of-pocket expenditure, rising treatment costs, widening regional disparities in access to specialized services, and the concentration of healthcare facilities in major cities have generated serious concerns regarding healthcare justice. Available evidence indicates that a substantial proportion of households, particularly those in lower-income groups, face a risk of poverty resulting from medical expenditure (Barr, 2012).

Furthermore, the expansion of private healthcare facilities without an effective system of quality assessment and public oversight may generate inequality in standards of care. Under such circumstances, the quality of health services becomes dependent less on citizens' medical needs than on their economic capacity. This situation conflicts with the principles of equality, nondiscrimination, and social justice that constitute fundamental foundations of public law.

Contemporary public law therefore proposes the "regulatory state" as an intermediate model between complete state provision and the wholesale transfer of responsibilities to the market. Under this model, the state may utilize private-sector capacities to expand healthcare services, but it remains responsible for regulating the health market, establishing service standards, guaranteeing insurance coverage, supporting low-income groups, and supervising service quality (Majone, 1997).

Within Iran's legal system, the realization of the right to health similarly requires that the privatization of healthcare services be accompanied by the expansion of universal insurance coverage, reinforcement of the referral system, targeted support for vulnerable groups, equitable distribution of healthcare facilities, and continuous supervision by public institutions. In other words, a reduction in the state's direct role in healthcare provision must not result in a reduction of its responsibility for ensuring healthcare justice.

Ultimately, the legitimacy of privatization in the health sector must be assessed not according to the extent to which it reduces public expenditure, but according to its success in integrating economic efficiency with healthcare justice. Privatization is compatible with the requirements of the social state and public-law principles only where it improves service quality, expands universal access, and protects human dignity. Otherwise, the dominance of market logic over the healthcare system may commodify the right to health and weaken one of citizens' most fundamental social rights.

7. Privatization, the Right to Housing, and the Requirements of Justice in the Provision of Public Services

The right to adequate housing is one of citizens' most important social rights and a fundamental component of a dignified human life. Housing is not merely a place of residence; it is directly connected to personal security, family stability, physical and mental health, social participation, and the effective enjoyment of other fundamental rights. Accordingly, international human rights instruments recognize the right to adequate housing as an essential component of an adequate standard of living (Eide, 2001). In the legal system of the Islamic Republic of Iran, Article 31 of the Constitution likewise recognizes access to housing appropriate to one's needs as the right of every Iranian individual and family and requires the state to facilitate the realization of this right, giving priority to those in need (Abbasi, 2025).

From a public-law perspective, the right to housing is not limited to ownership or physical access to a residential unit. It encompasses a broader concept including security of tenure, affordability, access to urban infrastructure, and access to essential public services (Eide, 2001). Therefore, the effects of privatization in the housing sector cannot be evaluated solely in terms of the construction market or transfers of property ownership; its impact on citizens' equitable access to public services and urban infrastructure must also be considered.

In recent decades, market-oriented policies and the expansion of the private sector's role in housing have become major elements of economic policymaking in many countries. Advocates of this approach argue that private-sector participation can increase investment, improve construction quality, expand the supply of housing, and reduce the state's financial burden, thereby creating a more efficient housing system (Le Grand, 2007). From this perspective, reducing direct government involvement and relying more heavily on market mechanisms can promote productivity and economic dynamism.

Nevertheless, the experience of many countries demonstrates that the housing market alone cannot meet the needs of all social groups. Unlike many other economic goods, housing performs a social and public function and cannot be governed exclusively by the logic of profitability. Where housing policies are designed solely according to market mechanisms, low-income groups and vulnerable populations are particularly exposed to deprivation of this right (Rolnik, 2013). Rising land prices, increased speculation, concentration of capital within the housing sector, and declining household affordability may restrict a substantial proportion of society from accessing adequate housing.

Rawls's theory of distributive justice likewise supports the proposition that social and economic institutions are legitimate only where they improve the position of disadvantaged groups and guarantee equal opportunities (Rawls, 1971). Accordingly, privatization policies in the housing sector are compatible with social justice only where they not only promote economic efficiency but also facilitate low-income groups' access to adequate housing.

Empirical evidence from Iran likewise indicates that exclusive reliance on market mechanisms has not equitably met the housing needs of different social groups. The continuous increase in housing prices and rents, combined with declining household purchasing power, has created serious barriers to adequate housing for low-income groups, young people, and newly established households (Barr, 2012; Rolnik, 2013). This situation demonstrates that reducing the state's interventionist role without designing appropriate protective mechanisms may conflict with the requirements of the social state.

Moreover, the right to housing cannot be examined independently of access to essential public services. In contemporary public-law literature, the concept of "adequate housing" requires access to infrastructure and public services such as safe drinking water, electricity, gas, sanitation, public transportation, education, healthcare, and an adequate urban environment (Eide, 2001). Consequently, the privatization of urban public services may directly affect the quality of citizens' enjoyment of the right to housing.

In the absence of effective regulation, the privatization of public services may increase the cost of access to essential services and intensify social inequalities. The experience of certain countries in privatizing services such as water, energy, and public transportation demonstrates that the predominance of economic profitability over social considerations may restrict disadvantaged groups' access to public services (Lobina & Hall, 2007). Accordingly, many contemporary legal systems, even where private-sector participation is extensive, continue to place ultimate responsibility for guaranteeing equal access to public services on the state. Within the social-state framework, the state's responsibility is not limited to the direct provision of public services; guaranteeing equal access, implementing effective regulation, and supervising service quality and pricing also constitute fundamental obligations (Habermas, 1996; Hashemi, 2019; Tabatabai Motameni, 2021). Therefore, the privatization of public services must not be interpreted as releasing the state from its social responsibilities. Rather, the reduction of direct government involvement must be accompanied by stronger oversight, transparency, accountability, and protection for vulnerable groups.

From this perspective, privatization possesses public-law legitimacy only where the state retains ultimate responsibility for safeguarding the right to housing and ensuring equitable access to public services, even after reducing its direct operational role. Any transfer resulting in the commodification of housing or the deprivation of disadvantaged groups from essential services is incompatible with the requirements of the social state and the protective philosophy of the Constitution of the Islamic Republic of Iran.

Accordingly, the legitimacy of privatization in housing and public services cannot be assessed exclusively through economic indicators. Privatization is compatible with public-law principles and the requirements of the social state only where it establishes a balance among economic efficiency, social justice, and the protection of citizens' fundamental rights. Otherwise, the dominance of market logic in housing and public-service provision may deepen social inequalities and weaken one of citizens' most important social rights.

8. Privatization and the Right to Education: The Challenge of Educational Justice in the Social State

The right to education is among citizens' most fundamental social rights and constitutes one of the principal instruments for realizing social justice, human development, and equality of opportunity in contemporary societies (Abbasi, 2025; Marshall, 1950). Education not only promotes individual development and increases citizens' knowledge, but also performs a decisive role in reducing economic and social inequalities. Modern legal systems therefore do not regard education merely as a public service; they classify it as a fundamental human right that the state is required to guarantee and protect (Eide, 2001).

Within the legal system of the Islamic Republic of Iran, Article 30 of the Constitution requires the state to provide free educational facilities for the entire population through the end of secondary education and to expand higher-education facilities to the extent required for national self-sufficiency (Abbasi, 2025). Article 3 further identifies the elimination of unjust discrimination and the creation of equitable opportunities for all as fundamental state duties. Accordingly, education within Iran's constitutional system is not merely an economic activity, but part of the fundamental obligations of the social state (Hashemi, 2019).

Nevertheless, in recent decades, market-oriented policies and the expansion of private participation in education have generated extensive debate concerning the legitimate limits of educational privatization. Advocates maintain that private-sector participation can increase competition, expand educational infrastructure, improve service quality, and reduce financial pressure on the state, thereby enhancing the efficiency of the education system (Le Grand, 2007). From this perspective, privatization is not a substitute for the state but a complementary component of the public education system.

Critics, however, argue that education possesses characteristics distinguishing it from other economic goods and services. Where education becomes excessively subject to market mechanisms, access to educational opportunities becomes dependent on families' economic capacity, and economic inequalities are gradually reproduced as educational inequalities (Rawls, 1971; Sen, 1999). From the perspective of Rawlsian justice, social institutions are legitimate only where they guarantee equal opportunities for all citizens. Consequently, any education policy depriving a group of citizens of equal access to high-quality education is incompatible with the requirements of social justice (Rawls, 1971).

Contemporary public-law literature identifies the emergence of a "dual education system" as one of the most significant consequences of extensive educational privatization. Under such a system, educational quality depends more heavily on families' financial capacity than on individual aptitude and merit (Tomasevski, 2006). Education is thereby transformed from a universal social right into an economic privilege, a development incompatible with the philosophy of the social state and the principle of equal opportunity (Marshall, 1950).

Iran's experience likewise indicates that the development of nonpublic schools, the expansion of private educational services, university-entrance examination institutions, and supplementary education, although improving educational quality for certain groups, has simultaneously generated serious concerns regarding the deepening of educational and class divisions (Farasatkhah, 2017). Domestic studies indicate that the increasing dependence of academic success on families' financial resources, particularly in access to supplementary education, may undermine the principle of equality of educational opportunity (Farasatkhah, 2017).

This issue is particularly significant in disadvantaged, rural, and underserved regions, where inadequate educational infrastructure and excessive reliance on market mechanisms may reproduce cycles of educational poverty (Tomasevski, 2006). From a public-law perspective, even where private-sector participation expands, the state remains responsible for guaranteeing citizens' equal access to high-quality education and cannot transfer this responsibility to market logic (Habermas, 1996).

Within the social-state framework, the state's role in education is not limited to direct service provision; it also encompasses policymaking, regulation, supervision of educational quality, and the guarantee of educational justice (Tabatabai Motameni, 2021). Accordingly, educational privatization is compatible with public-law principles only where it is accompanied by effective regulation, support for disadvantaged regions, equitable distribution of educational resources, and supervision of service quality.

On this basis, the legitimacy of privatization in education depends on its capacity to balance the two fundamental values of "educational efficiency" and "educational justice." Whenever economic profitability predominates over equality of opportunity, privatization departs from the objectives of the social state and becomes a mechanism for deepening social inequalities. By contrast, regulated privatization grounded in public-law requirements may complement the public education system and contribute to improving educational quality and developing human capital.

9. Privatization, the Right to Housing, and the Requirements of Justice in the Provision of Public Services

The right to adequate housing is one of citizens' most important social rights and a fundamental component of a dignified human life. Housing is not merely a place of residence; it is directly connected to personal security, family stability, physical and mental health, social participation, and the effective enjoyment of other fundamental rights. Accordingly, international human rights instruments recognize the right to adequate housing as an essential component of an adequate standard of living (Eide, 2001). In the legal system of the Islamic Republic of Iran, Article 31 of the Constitution likewise recognizes access to housing appropriate to one's needs as the right of every Iranian individual and family and requires the state to facilitate the realization of this right, giving priority to those in need (Abbasi, 2025).

From a public-law perspective, the right to housing is not limited to ownership or physical access to a residential unit. It encompasses a broader concept including security of tenure, affordability, access to urban infrastructure, and access to essential public services (Eide, 2001). Therefore, the effects of privatization in the housing sector cannot be evaluated solely in terms of the construction market or transfers of property ownership; its impact on citizens' equitable access to public services and urban infrastructure must also be considered.

In recent decades, market-oriented policies and the expansion of the private sector's role in housing have become major elements of economic policymaking in many countries. Advocates of this approach argue that private-sector participation can increase investment, improve construction quality, expand the supply of housing, and reduce the state's financial burden, thereby creating a more efficient housing system (Le Grand, 2007). From this perspective, reducing direct government involvement and relying more heavily on market mechanisms can promote productivity and economic dynamism.

Nevertheless, the experience of many countries demonstrates that the housing market alone cannot meet the needs of all social groups. Unlike many other economic goods, housing performs a social and public function and cannot be governed exclusively by the logic of profitability. Where housing policies are designed solely according to market mechanisms, low-income groups and vulnerable populations are particularly exposed to deprivation of this right (Rolnik, 2013). Rising land prices, increased speculation, concentration of capital within the housing sector, and declining household affordability may restrict a substantial proportion of society from accessing adequate housing.

Rawls's theory of distributive justice likewise supports the proposition that social and economic institutions are legitimate only where they improve the position of disadvantaged groups and guarantee equal opportunities (Rawls, 1971). Accordingly, privatization policies in the housing sector are compatible with social justice only where they not only promote economic efficiency but also facilitate low-income groups' access to adequate housing.

Empirical evidence from Iran likewise indicates that exclusive reliance on market mechanisms has not equitably met the housing needs of different social groups. The continuous increase in housing prices and rents, combined with declining household purchasing power, has created serious barriers to adequate housing for low-income groups, young people, and newly established households (Barr, 2012; Rolnik, 2013). This situation demonstrates that reducing the state's interventionist role without designing appropriate protective mechanisms may conflict with the requirements of the social state.

Moreover, the right to housing cannot be examined independently of access to essential public services. In contemporary public-law literature, the concept of "adequate housing" requires access to infrastructure and public services such as safe drinking water, electricity, gas, sanitation, public transportation, education, healthcare, and an adequate urban environment (Eide, 2001). Consequently, the privatization of urban public services may directly affect the quality of citizens' enjoyment of the right to housing.

In the absence of effective regulation, the privatization of public services may increase the cost of access to essential services and intensify social inequalities. The experience of certain countries in privatizing services such as water, energy, and public transportation demonstrates that the predominance of economic profitability over social considerations may restrict disadvantaged groups' access to public services (Lobina & Hall, 2007). Accordingly, many contemporary legal systems, even where private-sector participation is extensive, continue to place ultimate responsibility for guaranteeing equal access to public services on the state. Within the social-state framework, the state's responsibility is not limited to the direct provision of public services; guaranteeing equal access, implementing effective regulation, and supervising service quality and pricing also constitute fundamental obligations (Habermas, 1996; Hashemi, 2019; Tabatabai Motameni, 2021). Therefore, the privatization of public services must not be interpreted as releasing the state from its social responsibilities. Rather, the reduction of direct government involvement must be accompanied by stronger oversight, transparency, accountability, and protection for vulnerable groups.

From this perspective, privatization possesses public-law legitimacy only where the state retains ultimate responsibility for safeguarding the right to housing and ensuring equitable access to public services, even after reducing its direct operational role. Any transfer resulting in the commodification of housing or the deprivation of disadvantaged groups from essential services is incompatible with the requirements of the social state and the protective philosophy of the Constitution of the Islamic Republic of Iran.

Accordingly, the legitimacy of privatization in housing and public services cannot be assessed exclusively through economic indicators. Privatization is compatible with public-law principles and the requirements of the social state only where it establishes a balance among economic efficiency, social justice, and the protection of citizens' fundamental rights. Otherwise, the dominance of market logic in housing and public-service provision may deepen social inequalities and weaken one of citizens' most important social rights.

10. A Comparative Evaluation of the Effects of Privatization on Citizens' Social Rights

A comparative examination of the effects of privatization in different fields of social rights demonstrates that this policy cannot be evaluated solely according to economic indicators such as increased productivity, reduced public expenditure, or expanded private-sector participation. Rather, the legitimacy of privatization within a public-law system depends on its compatibility with the state's obligations to guarantee citizens' social rights (Hashemi, 2019; Rawls, 1971). Although privatization has, in certain instances, improved managerial efficiency, expanded investment, and increased economic productivity, the practical experience of implementing this policy in Iran demonstrates that its effects have not been uniform across different social-rights sectors and have frequently been accompanied by serious legal and social challenges (Megginson & Netter, 2001).

In the fields of employment and social security, privatization has revealed the greatest degree of conflict with social rights. The transfer of enterprises such as Haft-Tappeh, HEPCO, and Azarab demonstrated that inadequate assessment of purchasers' qualifications, weak continuing governmental supervision, and insufficient guarantees for preserving workers' rights may reduce employment security, delay wage payments, expand labor protests, and weaken public confidence in privatization policies (Mousazadeh, 2025; Shirovi, 2013). This situation indicates that a reduction in direct government involvement, in the absence of effective protective mechanisms, may conflict with the requirements of the social state.

In the field of health, although private-sector participation has contributed positively to the development of healthcare infrastructure and the improvement of certain services, rising treatment costs and the increasing dependence of access to healthcare on citizens' financial resources have heightened the risk of healthcare inequality. In other words, unregulated privatization in health may facilitate the gradual commodification of the right to health, a development incompatible with the fundamental nature of that right and the requirements of healthcare justice (Eide, 2001; Le Grand, 2007).

In education, although private-sector participation has in some instances expanded educational capacity and increased service diversity, the unequal distribution of educational opportunities and the dependence of educational quality on families' economic circumstances have increased the risk of reproducing social inequalities. The continued expansion of nonpublic schools and educational institutions, without appropriate compensatory and protective policies, may transform education from a universal social right into a privilege dependent on economic capacity (Marshall, 1950; Tabatabai Motameni, 2021).

In housing and public services, recent experience likewise demonstrates that exclusive reliance on market mechanisms has failed to guarantee citizens' equitable access to adequate housing and essential public services. Rising housing prices and rents, together with declining affordability, indicate that market mechanisms alone are incapable of meeting the needs of low-income and vulnerable groups (Barr, 2012; Rolnik, 2013). Under such circumstances, the absence of state regulatory intervention may deepen social divisions and increase inequality in the enjoyment of social rights.

Despite differences among the foregoing fields, a comparative analysis reveals that they share a fundamental problem: the weakness of the regulatory-state model. In most instances, the principal issue has not been the presence of the private sector itself, but the absence of a coherent legal framework regulating the relationship among the market, the public interest, and citizens' social rights (Habermas, 1996; Majone, 1997). In other words, a substantial proportion of the challenges associated with privatization in Iran result from the state's transfer of certain economic and social responsibilities without establishing adequate mechanisms for supervision, accountability, and the protection of vulnerable groups.

The findings of the present study indicate that the principal issue in the legal system of the Islamic Republic of Iran is not "privatization" as an economic policy, but rather "the absence of a coherent legal framework for regulating the relationship between the market and social rights." This finding further demonstrates the need to reconsider the model of economic governance in light of social-state principles. Accordingly, the legitimacy of privatization in Iranian public law is acceptable only where a balance is established among market logic, the requirements of social justice, and the state's obligations toward citizens' fundamental rights (Hashemi, 2019; Rawls, 1971). Otherwise, rather than functioning as an instrument for increasing economic efficiency, privatization may gradually weaken social rights and expand structural inequalities.

11. Legal Requirements for Redesigning Privatization in the Legal System of the Islamic Republic of Iran

The analysis undertaken in the present study indicates that a substantial proportion of the challenges arising from privatization in the Islamic Republic of Iran result not from private-sector participation in the economy as such, but from institutional weaknesses, legal deficiencies, and the absence of effective regulatory mechanisms in transfer processes. Iran's practical experience demonstrates that a transfer of ownership alone neither guarantees economic efficiency nor necessarily realizes the objectives of social justice. Accordingly, the legal redesign of privatization is indispensable to reconciling this policy with the requirements of the social state and public-law principles (Hashemi, 2019).

The first requirement is a transition from the model of the "state as owner" to that of the "regulatory state." In contemporary public law, reducing the state's direct economic role does not imply its withdrawal from economic governance; rather, it requires the reinforcement of the state's supervisory, regulatory, and guarantee-providing functions (Habermas, 1996; Majone, 1997). Iran's privatization experience demonstrates that the state has, in many instances, transferred economic activities without first establishing independent regulatory institutions or designing effective supervisory mechanisms. This has created conditions conducive to inefficiency, violations of stakeholders' rights, and conflict between market logic and the requirements of social justice. Accordingly, establishing and reinforcing independent regulatory institutions in fields such as education, health, public services, and the labor market constitutes a fundamental precondition for legitimate privatization (Tabatabai Motameni, 2021).

The second requirement is the establishment of a comprehensive system of transparency and accountability in privatization processes. An examination of certain problematic transfers in Iran indicates that inadequate transparency in enterprise valuation, pricing, the assessment of purchasers' qualifications, and post-transfer monitoring has, in some instances, facilitated corruption, rent-seeking, and the impairment of public interests (Mousazadeh, 2025; Tabatabai Motameni, 2021). It is therefore necessary for every stage of privatization to be conducted in accordance with the principles of good governance, freedom of access to information, public accountability, and effective supervision by independent institutions. Privatization possesses public-law legitimacy only where citizens, the media, and supervisory institutions are able to evaluate and monitor transfer processes (Mousazadeh, 2025; Sen, 1999).

The third requirement is the institutionalization of social-rights protection within the privatization process. The findings of this study demonstrate that employment, social security, health, education, and housing are among the areas most significantly affected by privatization. Accordingly, the protection of social rights must be recognized as an inseparable component of privatization. Within this framework, legal guarantees relating to employment security, workers' rights, insurance coverage, the protection of vulnerable groups, and citizens' equal access to public services must be incorporated into every transfer process (Hashemi, 2019; Rawls, 1971).

The fourth requirement is the conduct of social and human rights impact assessments before any transfer. In many advanced legal systems, major economic policies are subject to assessments of their social and human rights consequences. In Iran's legal system, however, the assessment of the social effects of privatization has not yet acquired a clearly defined institutional status. Privatization in fields connected to social rights may have extensive consequences for social equality, distributive justice, and citizens' access to public services. Accordingly, social and human rights impact assessments should be established as a legal prerequisite for any privatization measure.

In this context, the principle of "non-retrogression" in international human rights law is of fundamental importance. Under this principle, states may not reduce existing levels of protection in the field of economic and social rights through the implementation of economic policies unless the necessity of such action is rigorously demonstrated and all alternative measures have been considered (Eide, 2001). Accordingly, any privatization measure that reduces social protection, restricts citizens' access to public services, or weakens social rights is subject to serious human rights objections.

The fifth requirement is the prevention of private and quasi-public monopolies. One of privatization's fundamental objectives is to expand economic competition and improve market efficiency. Iran's experience, however, demonstrates that some transfers have not promoted competition but have instead transferred ownership from the state to quasi-public institutions or a limited number of economic groups (Shirovi, 2013). Such a situation not only fails to achieve privatization's objectives but may also concentrate economic power and weaken citizens' rights. Effective competition law, supervision of economic concentration, and the prevention of monopolistic structures must therefore constitute central elements of any redesigned privatization policy.

In addition, the comparative experience of certain European states demonstrates that successful privatization in fields connected to social rights requires independent regulatory institutions, continuing social-impact assessment, and guarantees of universal access to public services. In these countries, the reduction of direct government involvement has consistently been accompanied by stronger supervisory mechanisms and social protection (Prosser, 2010). Such experiences demonstrate that sustainable and legitimate privatization is impossible without a strong regulatory state.

Ultimately, redesigning privatization in the Islamic Republic of Iran requires recognition that economic efficiency and social justice are not necessarily conflicting or incompatible values. Sustainable development depends on establishing a balance between them. Privatization is compatible with the philosophy of the social state and the public-law principles of the Islamic Republic of Iran only where it is implemented within a framework of good governance, effective regulation, transparency, accountability, and the protection of citizens' fundamental rights. Otherwise, privatization may cease to function as an instrument for promoting public welfare and instead deepen social inequalities, commodify social rights, and weaken the legitimacy of the state (Amid Zanjani, 2017; Hashemi, 2019).

12. The Regulatory State and the Preferred Model of Privatization in Iranian Public Law

The comparative examination of the effects of privatization across different fields of social rights demonstrates that, notwithstanding the differences among employment, social security, health, education, and housing, all of these areas confront a shared challenge rooted in weak public regulation and the absence of a coherent model of governmental oversight. Iran's privatization experience indicates that the principal issue is not private-sector participation in the provision of public services, but rather the manner in which the state intervenes, supervises, and safeguards the public interest throughout the transfer process. From this perspective, redefining the state's role within the model of the "regulatory state" may provide a theoretical and practical framework for balancing economic efficiency with the requirements of social justice.

Developments in contemporary public law demonstrate that privatization is neither inherently an inevitable threat to social rights nor automatically a means of increasing economic efficiency. Its legitimacy and effectiveness depend on institutional design, the limits of state intervention, and the quality of regulatory mechanisms. The experience of various countries demonstrates that reducing direct governmental involvement, in the absence of effective regulatory institutions, may intensify social inequalities, weaken citizens' rights, and restrict access to public services (Hashemi, 2019; Majone, 1997). For this reason, contemporary public-law scholarship has developed the concept of the "regulatory state" as a model for redefining the state's role after privatization.

Unlike the traditional interventionist state, the regulatory state is not necessarily the direct operator of economic activities and public services. Nevertheless, it remains responsible for safeguarding the public interest, protecting citizens' fundamental rights, and supervising private-sector conduct (Majone, 1997; Tabatabai

Motameni, 2021). Under this model, the state moves away from the position of "owner and direct manager" but retains its role as "supervisor, policymaker, and guarantor of social justice." Privatization within a regulatory-state framework therefore does not entail the complete deregulation of the market or the wholesale transfer of social responsibilities to private actors.

Within the constitutional system of the Islamic Republic of Iran, several constitutional principles emphasize the relationship among social justice, human dignity, and state responsibility. Article 3 requires the state to eliminate unjust discrimination, establish equitable opportunities, and secure citizens' comprehensive rights. Articles 28, 29, 30, and 31 further place social rights among the state's fundamental obligations (Abbasi, 2025; Amid Zanjani, 2017). Consequently, privatization in Iran's legal system is compatible with constitutional philosophy only where it does not weaken the state's protective function.

Nevertheless, Iran's practical experience demonstrates that one of the most significant privatization challenges has been the absence of a coherent model of public regulation. In many instances, transfers occurred before effective supervisory institutions were established, without sufficient transparency, and in the absence of adequate accountability mechanisms. The consequences have included the emergence of new monopolies, declining genuine competition, the weakening of workers' rights, and increasing public distrust of privatization policy (Mousazadeh, 2025; Tabatabai Motameni, 2021).

Accordingly, the preferred model of privatization in Iranian public law must rest on several fundamental principles. The first is the priority of social rights over exclusively economic considerations. Under this principle, economic efficiency is legitimate only where it contributes to the realization of social justice and the promotion of public welfare (Hashemi, 2019; Rawls, 1971). No economic policy may legitimately deprive citizens of fundamental rights or impair human dignity.

The second is the principle of effective state regulation. Privatization without public supervision and accountability mechanisms may simply transfer monopoly power from the state to particular economic groups. The state must therefore safeguard the public interest through independent regulatory institutions, fair-competition rules, supervisory systems, and effective sanctions (Majone, 1997; Mousazadeh, 2025).

The third is the principle of protecting vulnerable groups. In fields such as health, education, social security, and housing, privatization is legitimate only where it is implemented alongside protective policies and guarantees of citizens' equal access to public services (Eichenhofer, 2011).

The fourth is the principle of transparency and public accountability. Iran's experience demonstrates that inadequate transparency in transfer processes and weak public oversight have constituted major causes of unsuccessful privatization. Good governance in privatization therefore requires public access to information, accountability by implementing authorities, and the ability of civil-society and public institutions to supervise transfer processes (Sen, 1999; Tabatabai Motameni, 2021).

Finally, the public character of essential services must be preserved. Even where the private sector participates in providing public services, services such as education, health, and social security retain a public character because of their direct connection to citizens' fundamental rights. The state therefore remains ultimately responsible for guaranteeing equitable access to them (Habermas, 1996; Hashemi, 2019).

Consequently, the central challenge of contemporary public law is not the existence of the market, but the prevention of profit-oriented logic from replacing the state's obligations toward social justice and human dignity. The future legitimacy of privatization in Iran's legal system will depend on the state's capacity to establish a balance among economic efficiency, effective regulation, and the protection of citizens' fundamental rights. Only under such conditions can privatization be regarded as compatible with the requirements of the social state and the public-law principles of the Islamic Republic of Iran.

13. Conclusion

An analysis of privatization in light of public law and social rights demonstrates that this phenomenon cannot be evaluated merely as an economic policy or as an instrument for increasing market efficiency. In contemporary legal systems, particularly states committed to social justice, privatization is directly connected to the limits of the state's responsibility for citizens' fundamental rights. Its legitimacy must therefore be assessed according to criteria extending beyond exclusively economic considerations.

The experience of the Islamic Republic of Iran demonstrates that privatization, despite objectives such as reducing direct government involvement, improving productivity, and expanding economic competition, has not always succeeded in fully realizing these goals. In numerous instances, weak supervisory mechanisms, insufficient transparency in transfer processes, inadequate assessment of purchasers' qualifications, and the absence of effective regulatory institutions have caused privatization to generate new monopolies, weaken employment security, restrict equal access to public services, and increase social inequalities rather than promote competition and public welfare.

The findings of the present study further demonstrate that the effects of privatization have not been uniform across different fields of social rights. Among the social rights examined, employment and social security have shown the greatest vulnerability to privatization conducted without appropriate regulation. In health and education, the expansion of market mechanisms has intensified the risk of commodifying public services and increasing inequality of access. In housing and urban public services, excessive reliance on market logic, without protective state intervention, has likewise failed to satisfy the requirements of social justice.

The fundamental problem of privatization in Iran is therefore not private-sector participation as such, but the weakness of the model of public governance through which the process has been managed. Practical experience demonstrates that reducing the state's ownership role without simultaneously strengthening its supervisory, regulatory, and public-accountability capacities may disrupt the balance between economic efficiency and social justice. Privatization is therefore compatible with the public-law philosophy of the Islamic Republic of Iran and the requirements of the social state only where it is implemented within a "regulatory state" model and preserves the state's ultimate responsibility for citizens' social rights.

Accordingly, the present study emphasizes that the legitimacy of privatization in the legal system of the Islamic Republic of Iran must be assessed according to three fundamental criteria: the preservation and protection of citizens' fundamental rights, compliance with the requirements of social justice, and the establishment of effective regulatory and public-accountability mechanisms. Only under such conditions can privatization be regarded not as a mechanism for weakening social rights, but as an instrument serving sustainable development, good governance, and the realization of social justice.

From this perspective, the future legitimacy of privatization within Iran's public-law system lies not in the unrestricted expansion of market logic, but in the legal system's capacity to integrate economic efficiency with social justice and the protection of citizens' fundamental rights.

Authors' Contributions

Authors contributed equally to this article.

Declaration

In order to correct and improve the academic writing of our paper, we have used the language model ChatGPT.

Transparency Statement

Data are available for research purposes upon reasonable request to the corresponding author.

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