



US SANCTIONS: MOBILIZING IRAN'S ERODED MIDDLE CLASSES?

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As the anniversary of the 1979 revolution in Iran was approaching, the head of Iran's international trade center, Mohammad Reza Sabzalipour, [said](#) that the impact of sanctions on Iran's economy does not exceed 20 percent of the country's problems, while 80 percent of problems are attributed to the mismanagement of President Hassan Rouhani's consecutive governments. Sabzalipour's response came after President Hassan Rouhani blamed US sanctions for the unprecedented pressure the economy is facing. The rivaling revolutionary elites in Tehran would dispute each other over the level of proliferation of mismanagement and corruption in politically divergent consecutive governments, but there is a sense of broad consensus over how menacing is the current state of the economy to the country's security and political stability as the country oil exports are declining to pre-nuclear deal levels, because of US sanctions. Could sanctions-induced economic pressures on the middle classes foment a rebellion against the Islamic Republic of Iran (IRI)?

After four decades, the Islamic Republic has gone through massive social and [macro-economic transformations](#). Yet, how the population has been responding more lately to these economic transformations, is connected in a way to the penetration of information technology and messaging apps of eroded middle classes. As penetration increases, the citizens' conceptions of Iran's sanctions-hit economy are influenced by increased exposure to global economic and cultural transformations, and opposition networks abroad. The magnitude of the country's middle class, a driver for political mobilization and change, has historically mushroomed under the IRI. Under the Presidency of Seyyed Mohammad Khatami, the percentage of Iranian family members that received university education almost doubled from 7 percent to 13.8 percent. By the end of President Mahmoud Ahmadinejad's tenure, the percentage of family members that received university edu-

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cation rose to 22.2. In the last financial year in Iran, the Central Bank's statistics estimated the percentage to have minimally increased to 23.9^[1], indicating the remarkably slow growth of the number of recipients of high education in Iranian families since President Hassan Rouhani took office, despite [increased](#) expenditure on education generally. Several factor could be contributing to this sluggish demand for high education within the country, including slowing population growth, [brain-drain](#), migration, and increased inequality. The slowing growth of high education recipients in Iranian families might be one indicator for the trajectory of the middle classes as the IRI was approaching its 40th anniversary.

Inflation and unemployment have been always seen as important benchmarks for the performance of the Iranian economy and political stability, which have been also associated, partially, with draconian sanctions imposed on the IRI for decades. Under the presidency of Rouhani, Iran was able for this first time to bring down decades-long double-digit inflation to single digit inflation, an accomplishment that was hailed. But as sanctions are hardly hitting the economy, inflation is on the rise, menacing one of Rouhani's key achievements. Despite relative improvements in labor force participation rates, unemployment remains relatively high, hovering around 12 percent. On a regional-basis, [according](#) to government statistics, in the previous financial year, in the provinces of Kermanshah, Chaharmahal va Bakhtiari, Khuzestan, West Azerbaijan, unemployment amounted to 21.5, 20.8, 14.7, 14.3, consecutively. Broadly speaking, there is a link between the economic conditions in these provinces and the role they played in the 2017 – 2018 demonstrations, yet there might not be strong correlation between economic indicators in these provinces and the alleged number of detainees [reported](#) after the protests (a barometer I am using to measure the size of demonstrations in provinces). For example, while unemployment is the highest in Kermanshah province, only 3.53 percent of detainees came

from there. In East Azerbaijan, a province with lower than average rate of unemployment, the protestors acquired 12.46 percent of the share. But Khuzestan province is an exception with 14.53 percent of detainees. Several factors could be contributing to potentially low participation in some economically- squeezed provinces, including the level penetration of advocates of protests, local security presence, and importantly the people's cost-benefit calculations towards an outcome of a rebellion.

What was significant in the latest wave of protests is how they are shifting away from the capital, Tehran, towards distant provinces, unlike the 2009 protests that were mostly in Tehran and focused on political demands, not socio-economic. As the US re-imposed economic sanctions in 2018, it is becoming more difficult for the Islamic Republic to attract foreign investment for job-creation in the provinces, shifting the burden back to quasi-private sector companies to do the job alone. Iran's state of economic vulnerability induced by US sanctions does not mean regime-change is likely to take place anytime soon, yet it cultivates the needed atmosphere. The US is unable to prepare a credible opposition front abroad to replace the IRI if mass protests paralyze the regime, but it might be also predicating on the sudden evolvment of a compromising faction. So far, the US has been unable to find an institutional partner within the Islamic Republic to forge a [coalition](#) with as the regime has been successful in maintaining its ideological integrity, making regime-change a difficult task to materialize with the utilization of sanctions only.

[1] These presented figures are based on data collected from the Iranian Central Bank's annual household budget survey reports.