



PERSPECTIVES

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Iran Should Expect More Social Unrest

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BESA Center Perspectives Paper No. 1,369, December 11, 2019

EXECUTIVE SUMMARY: Iran has made impressive human development gains (even as it has suppressed human rights) in the last two decades under the ayatollahs. Just as expectations rose after the signing of the nuclear deal, those achievements tapered off and might even be in reverse. This could explain the social unrest roiling the country.

Karl Marx famously predicted that workers in the industrial powerhouses of England and Prussia would be the first candidates for the proletariat revolution. He based his prediction on the assumption that people rebel when they get poorer. He was wrong, as the race riots in the US in the 1960s proved. Those riots took place in New York and Los Angeles, where life for Afro-Americans was getting better, rather than in the Deep South, where they were getting worse.

An opposing theory, supported by the race riots example, claims that people tend to rebel when there's a downturn after a prolonged period of improvement in their standard of living. Along with such improvement come rising expectations that are abruptly shattered when the downturn occurs. It is at such a juncture that prospects for rebellion and revolution are at their highest.

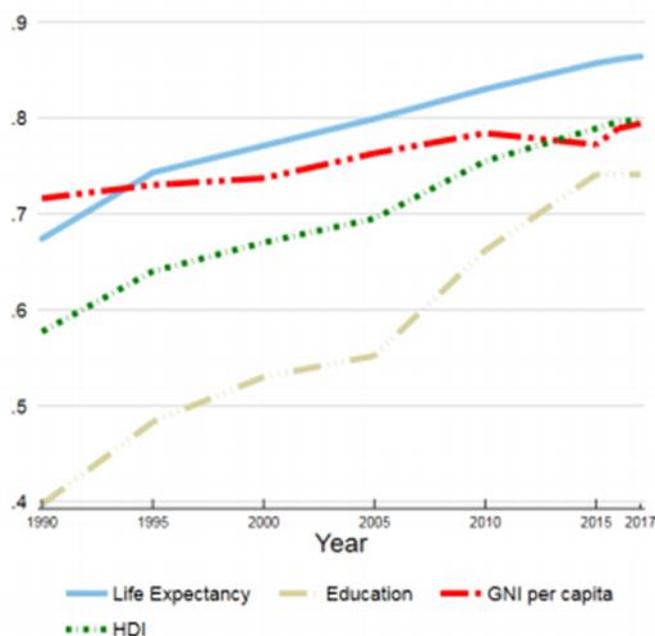
This dynamic is the story of the Iranian revolution, the Palestinian intifada (1987-93), and, to a lesser extent, the so-called "Arab Spring" revolutions in Egypt and Tunisia. They were all preceded by long periods of economic growth and then a leveling-off if not an outright reversal in economic fortunes.

The most famous, in Iran, occurred after years of oil-generated economic growth coupled with the Shah's White Revolution, which tried to make sure the benefits of that growth reached even the most isolated villages.

But the revolution only occurred after the tapering off of oil prices in 1976 due to a mild recession in the advanced industrialized states. It was executed by the middle class brought into being by the Shah's reforms and the country's oil wealth. The BBC ran extensive interviews 30 years after the revolution with some of the protesters who had brought down the Shah, most of whom belatedly thanked him for having educated and trained them and expressed regret for their role in his downfall.

The Islamic Republic of Iran is castigated for ruling poorly, but this flies in the face of the evidence. Below is a chart that plots Iran's improvement over the years as measured on the Human Development Index, which is compiled by a professional agency at the UN.

Figure 1: Trends in Islamic Republic of Iran's HDI component indices 1990-2017



The HDI is a compilation of three indices that measure most of the member states in the UN: national income per capita, educational attainment, and life expectancy. There is usually a strong correlation among these three measures, with the countries of northern Europe, North America, and Australia holding the highest composite scores.

As the graph shows, Iran has seen strong improvement in two of the three indices with more modest improvement in the third, national income per capita. The fact that national income tails the rise in educational attainment and life expectancy in fact points to an efficient use of government resources, as income can be seen as an input and the latter two indices as outputs of the state. So vast has been the improvement in HDI that Iran now ranks 60th out of 189 states and is designated a "high development" country.

To confirm that this is not false number-crunching, I have been following the experiences of professional travel bloggers who visit Iran (as well as many other countries). The vast majority of these non-political but discerning individuals rate Iran highly. They praise its great natural beauty, magnificent buildings, and archeological wonders (as one would expect of a country that was a cradle of great civilizations and dynasties for thousands of years), hospitable population, and excellent cuisine—but also its excellent inter-city trains and buses, good highways, dependable electricity, and adequate internet and phone communication. (There is also, of course, occasional reference to the negative aspects of political life in Iran, like the mandatory covering of women’s hair.)

If you look again at the HDI chart, you will see that between 2015 and 2017 there was a leveling off of all three indices. This coincides exactly with the period of rising expectations in the wake of the signing of the nuclear deal, much of it fed to the public by the Khatami government in its fight against the hardliners who opposed the deal. The government promised the people economic improvements that did not materialize.

One can reasonably expect that given the force of the American sanctions since 2018 in reducing Iran’s oil exports by over half, from which almost 40% of state revenue is derived, the data for 2018 and 2019 will even show a reversal in the curve.

This is the classic prescription for unsettled times.

The regime’s woes hardly end there. The social unrest in Iraq and Lebanon, much of it leveled against Iranian involvement in domestic affairs, means the Iranian proxies will have a harder time milking Iraqi and Lebanese government revenues to finance their activities. Organizations like Hezbollah will likely demand increased funding from Iran to provide the shortfall. The Iranian public is dead-set against this, placing the ayatollahs between a rock and a hard place.

It is not clear what will happen. The ayatollahs could change course to engage Trump by moving to scuttle the nuclear process, which might change the country’s economic fortunes. But then again, Iran’s leaders could tread the route taken by North Korea and brutally suppress the population.

It is a difficult decision. North Korea is backed by China, its powerful neighbor. The ayatollahs are much more on their own, even with the many guns at their disposal.

This is an edited version of an [article](#) that appeared in the Jerusalem Post on December 5, 2019.

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