



المركز العربي للأبحاث ودراسة السياسات  
Arab Center for Research & Policy Studies

SITUATION ASSESSEMENT

## The Iran Protests of January 2018: Challenging Four Decades of the Islamic Republic

Policy Analysis Unit | January 2018

### Protests in the Islamic Republic

Series: Situation Assessment

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## Introduction

The city of Mashhad, a bastion of conservative elements in Iranian society, was the birthplace of a wave of protests to rock the entire country in the closing days of 2017. The demonstrators were originally driven by grievances over money they had lost to pyramid schemes and financial services which had promised to cash in on an expected resurgence of the Iranian economy following the agreement to the Joint Comprehensive Plan of Action (JCPOA) which ended international turmoil over Iran's nuclear programme. The latest protests, which quickly spread to a number of major cities including the capital Tehran, differed from the 2009 protests driven by the "Green Movement" in that they were largely driven by lower income Iranians. In contrast, the Green Movement was dominated by university educated, middle class, urban Iranians, and was motivated by disenchantment with voting outcomes. Despite the relatively constrained turnout in these latest protests, they have served to bring home more starkly the deep divisions at the heart of the Iranian regime; they also raise questions about the durability of the Islamic Republic, at a time when Tehran is already facing a threat from the Trump White House.

## The Protests in Historical Context

There is a history of political protests in modern Iran which stretches back to the end of the nineteenth century. In fact, the protests have followed a cyclical pattern, with a major protest taking place roughly once a decade. Usually, these regular protests are driven by economic and other grievances: price inflation, the imposition of new taxes and duties, or, in other cases, questions of land tenancy (which led to the 1963-1978 "White Revolution" which weakened the land-owning class) or of the nationalization of oil resources (such as in 1952). The cyclical nature of these protests can largely be seen as the refusal of the Iranian people to accept governmental tyranny; one characteristic which all of the protests have in common is that they invariably lead to deaths, regardless of which government is in power.

## The Economic Roots of the Protests

Iran observers are in agreement that economic factors are at the heart of the Iran protests, and the major driving force behind them. A second point of consensus is that the economic motivators behind the protests is also tied to the 2015 agreement which ended the Iran nuclear crisis, and which raised economic expectations amongst most Iranians.

In the preceding period, under former president Mahmoud Ahmadinejad, Iranian financial institutions had started to promote investment products, and to encourage everyday Iranians to use debt to invest in projects which these companies would oversee. Many of these projects were seemingly pyramid schemes which lived off Iranians' dreams of quick enrichment combined with the fact that the pay-off from a lifting of the Iran sanctions has yet to materialise—exacerbated by the Trump administration's insistence on excessive restrictions on Tehran—served to give rise to the protest movement. The Iranian government's inability to compensate the citizens who lost money to the unscrupulous investment businesses peddling investment opportunities only served to inflame passions further.

Adding to the reality of these economic drivers of protest, is the fact of political disputes between conservative regime insiders and the reform-minded president, Hassan Rouhani. These disputes have largely been centred on the economic reforms pushed by the Rouhani administration, and which have adversely affected the grassroots support bases of Iranian conservatives. This political context gave rise to a belief among many that conservatives had in fact orchestrated the protests. This drove Rouhani-aligned parliamentarian Isaac Jahangiri to proclaim in parliament that “the people driving the protestors out into the streets need to consider that they may not be able to deal with the long-term consequences of these protests”. An important distinction to make in Iran is that the *social* conservatives purport to speak for the less economically advantaged sections of society. Conservatives used their position as champions of the poor as a pulpit to attack the Rouhani-approved national budget. The latest US\$ 104 million budget forms part of a plan to drive down the reliance of state expenditure on oil revenues, to 35%. The shift in the revenue burden entails a lifting of state subsidies on a number of important services and items, including fuel.

The speed and extent of the spread of the protests which sprung up in Mashhad are testimony to the extent and depth of economic discontent in Iran. Economic indicators for the country as a whole paint a gloomy outlook for the country. Inflation today stands at 17%, reflecting a rapid increase in the cost of living which makes itself felt every month; this is coupled with widespread unemployment, which officially stands at 12% but which many observers agree is twice that. One very significant figure is the estimated 25 million Iranians who live below the poverty line. Iran's economic difficulties are not helped by the global decline in oil prices, which makes it easier for what customers Iran has for its oil to dictate their own terms. These are complicated further still by the intricacy and inefficiency of Iran's legal and banking structures, which repel foreign investment that would otherwise help to create employment opportunities for young Iranians.

Meanwhile, Iran's religious establishment, which is a bedrock of the government, has also lost a large amount of credibility and sway over the population since the clerics have become involved in the process of governance. With religious leaders now tainted by allegations of corruption, Iranians have reacted by becoming less religious; the country is less devout today than it was under the Shah.

## Tehran's Foreign Policy: Another Focus of Protest

Protestors also associated the overall negative economic circumstances in their country with Tehran's ambitious on the regional and world stages. Many view Iran's involvement abroad as brinkmanship, and see it as evidence that the country's government prioritizes its foreign policy aims above those of its own citizens. From this perspective, Tehran's building of regional influence backing for Lebanese Hezbollah and for the Assad regime in Syria divert attention and resources away from the country's domestic problems. The consequence, as many of the demonstrators see it, is greater deprivation for Iranians, giving rise to a widespread slogan "Not to Gaza, not to Lebanon; I will give my life to Iran".

Regardless of how well this perception reflects reality, and the extent to which Tehran actually supports its allies in the region, the fact that the demonstrators are focusing on Iran's foreign alliances is proof that the official narrative of its involvement in Syria and elsewhere are defensive acts aimed at protecting Iranians' interests are not accepted by the public in Iran. It is a further example of the massive gulf between the government and large sections of public opinion in Iran.

## The International Response

International responses to the Iranian protests lack any unity. While the Trump White House has declared its willingness to back the protestors, Moscow is cautioning against supporting a movement which could pose the possibility of becoming violent and threatening the existence of the Iranian state. European powers, hesitant about change, appear ambivalent and divided over the protests, beyond criticisms over the casualties among protesters. To Iranians, the reluctance of the European powers to intervene in these protests, so soon after their eagerness to get their share of business opportunities since the end of the standoff over Iran's nuclear programme, appears to show the hollowness of these countries' espousal of ideals of human rights and democracy.

## What Comes Next?

Faced with growing protests, which appear to be a challenge not only to the Rouhani cabinet but also to the Iranian regime overall—albeit to a lesser extent—the Iranian authorities have already taken to organizing their own, pro-government counter protests. The source of all regime control in Iran will rest, ultimately, on the lateral reach of its grassroots support base, covering the Basij, the clergy, and the interconnected network of state bureaucrats and military and security personnel. This long-term strategy of the Iranian regime does pose a risk of its

own however, threatening to bring various societal sectors into open conflict against each other. In response, the Iranian authorities are today more concerned with containing the wrath of the protests rather than using violent force to crush the demonstrators; despite a thinly veiled threat by Mohammed-Ali Jaafari, Commander of the Revolutionary Guards, would “not stand idly by” if the protests continued, the fact that the Revolutionary Guards have so far failed to intervene is an indication of the government’s desire for reconciliation.

One possible avenue for the authorities to alleviate the tensions which are driving the protests is to freeze some of the economic measures recently introduced, such as the lifting of subsidies on a number of basic goods and utilities. Such efforts could only possibly be stop-gap measures in dealing with an accumulated, intricate and complex challenges which the Iranian economy faces. Likewise, Tehran’s foreign policies are unlikely to change drastically in response to these demonstrations.

Nonetheless, all of these suggestions of permanence of Tehran’s policies are contingent on there not being large number of casualties, or of the demonstrations not being sustained for much longer and of there not being major international interventions. While today these protests are not an existential threat to the Iranian regime, they have demonstrated how much of a disparity there is between the people of Iran, their aspirations, and their government. Today, and after four decades of post-revolutionary rule, the regime in Tehran finds itself at the same cross-roads at which all of the oppressive regimes of the Middle East find themselves: it must either introduce genuine economic and political reforms or choose to use violence to quash the demonstrators. The second option, which is the same course of action followed by the government in Syria, could ultimately drive the country into a state of armed civil conflict, equally prone in the Iranian case to identity-based social divisions. In the end, the institutionally robust order in Iran has come to face the same troubles which the countries of the former Warsaw Pact once faced, with an outmoded ideological underpinning no longer able to mobilize support. Its widespread network of loyalists running across the clergy and the security services, however, means that any real change in the country’s policies must be partly rooted in reformists presently situated within the regime.