



# A Year Into Iran's Quiet Counterrevolution

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Last December, grassroots protests erupted throughout Iran. Ordinary Iranians, discontented with worsening domestic conditions and their government's misplaced political priorities, held rallies and demonstrations that transformed over time into a profound challenge to the legitimacy of the country's clerical regime.

A year on, the Iranian "street" is still in ferment – although you don't hear much about it in the news. Protests by Iranian workers, activists and students continue to take place throughout the country, despite the very real threat of a draconian regime response (from incarceration to death at the hands of government security forces).

The reasons are not hard to discern. On virtually every economic metric, the Islamic Republic is continuing to inch up the misery index.

**Inflation is spiking.** Iran's annual rate of inflation has surged in recent months, and now stands at nearly 40 percent, according to independent economic observers. All told, the rate of inflation in Iran has risen by more than 50 percent over the past two years, Iran's Central Bank has admitted. The causes are manifold, from renewed U.S. economic pressure to gross mismanagement by Iran's regime. But the real state of affairs in the country is almost certainly worse than authorities care to admit.

**Poverty is deepening.** The rate of "absolute" poverty – characterized by extreme privation and hardship – is growing by leaps and bounds within the Islamic Republic. Just how much is highlighted in a new report recently released by Iran's parliament, or *majlis*. The study, carried out by the chamber's research staff, found a staggering 22 percent increase in the poverty level in urban centers like Tehran over the past year, due to the continued depreciation of the *rial* and a resulting, near-catastrophic decline in purchasing power among ordinary Iranians. (The situation in Iran's countryside, where economic opportunities are more scant, is said to be even more dire.)

**Unemployment remains widespread – and potentially dangerous.** Iran's overall unemployment rate currently stands at 12 percent, and is rising. A recent Iranian parliamentary study found that some three million new jobseekers – nearly half of them young people between the ages of 27 and 36 – joined the ranks of Iran's unemployed between 2014 and 2017, thanks to the Iranian government's chronic inability to create jobs. These dynamics, the study warned, "may give rise to a crisis" unless the Iranian regime makes a meaningful change of fiscal course.

Iran's leaders, however, don't seem inclined to do so. Although regime officials have renewed their calls for a "resistance economy" in the face of reinvigorated sanctions on the part of the United States, the Islamic Republic shows no sign of rethinking its extensive (and costly) foreign policy priorities, which include helping to keep Syrian dictator Bashar al-Assad in power and providing military support for Yemen's Houthi rebels.

That, in turn, represents an opportunity for Washington. The Trump administration has made renewed pressure on Iran a centerpiece of its regional policy in the Middle East, built around an understanding that the Islamic Republic – emboldened by the dividends of its 2015 nuclear deal with the West – now poses a grave and growing threat to American interests and allies in the region. Accordingly, over the past half-year, the White House has sought to turn up the heat on Iran's leadership through the "snapback" of American sanctions, and by cajoling European and Asian nations to reduce their trade with Tehran.

America's greatest ally in this effort, however, might just turn out to be the Iranian regime itself. To date, Iran's leaders have managed to successfully contain the challenge to its rule represented by the ongoing protests. It has done so in large part through widespread arrests, pervasive censorship and extensive repression. (Its efforts have likewise been greatly aided by the absence of clear leadership or an organized agenda for action among the protesters themselves.)

Yet the longer the Islamic Republic continues its descent into economic crisis, the more compelling these calls for counterrevolution are bound to become – and the more profound the ideological challenge to the integrity of the Iranian regime will be. And that, in turn, makes the current protests the most potent force working toward creating meaningful change within the Islamic Republic.