

# Iran's Burgeoning Discontent

May 30, 2002



## Brief Analysis

On May 22, 2002, Iranians demonstrated in the heart of Tehran, chanting antigovernment slogans. Riot police clashed with protestors on Vali Asr Avenue, the city's main thoroughfare. The protest came five days after security services sealed off the streets leading to Arak University, where student protestors had barricaded themselves. On May 1, numerous student and trade groups also protested around the country. The increasing frequency of public demonstrations is evidence of the growing discontent among Iranians over both a souring economy and President Muhammad Khatami's failure to fulfill his campaign promises.

### A Souring Economy . . .

According to a February report in the reformist daily *Hambastegi*, economic hardship in Iran now exceeds that experienced during the Iran-Iraq War. Citing data from the Iranian Central Bank's Bureau of Statistics, *Hambastegi* reported that a six-person family can now afford only 69 kilograms of meat annually, and 626 kilograms of bread. By contrast, the average Iranian family consumed 100 kilograms of meat in 1989, and 708 kilograms of bread. Writing in the French daily *Le Figaro*, Iranian historian Houchang Nahavandi noted that, in 1977, per capita income in Iran was \$2,450, equivalent to Spain's, while today, Iran's per capita income is less than \$1,500, equivalent to that of the Gaza Strip.

Unemployment remains a growing problem. Minister of Economy and Finance Tahmasb Mazaheri told the hardline daily *Resalat* in April that 3.2 million young people are unemployed, with the number increasing at a rate that should "be of concern to everyone." According to a February Islamic Republic News Agency broadcast, Labor Minister Safdar Hosseini reported that the rate of unemployed university graduates has doubled over the past two years to 22 percent. Over the same period, unemployment among women seeking work doubled to 60 percent, says Zahra Shojai, the president's advisor on women's affairs.

Inflation coupled with stagnant wages continues to hurt the Iranian standard of living. In March, the Budget Committee of the Majlis (parliament) predicted that inflation would increase by 20 percent in FY 2002 (March 21, 2002-March 20, 2003); other Majlis deputies anticipated inflation at closer to 30 percent. Majlis deputy Ali Reza Mahjoub pointed out in the *Quds* daily that the average monthly wage of 800,000 rial (approximately \$100) falls short of the 65,000-rial minimum needed to meet an average family's daily expenses. According to the official daily *Keyhan*, Abdulrahman Taj al-Din, a Majlis deputy from Isfahan, commented, "If the government cannot improve the economic conditions of millions of wage earners, especially of the workers, it should at least take steps to prevent increased erosion of their wages."

### . . . Leads to Growing Labor Unrest

Labor unrest has snowballed since the beginning of the year, and is increasingly being tinged with antigovernment sentiment. The Iranian media has been reporting on several recent job actions:

On February 20, hundreds of farmers growing tea in the Caspian Sea region demonstrated in front of the Department of Agriculture headquarters in Lahijan. They were protesting the importation of tea from abroad in deals arranged

by relatives of high-level government officials. According to the protestors, more than 1,000 Iranian tea plantations have gone bankrupt in recent months.

On February 25, 1,300 workers at the Baresh Textile Mills staged a nonviolent rally outside the Isfahan headquarters of the \$12-billion Foundation of the Oppressed. According to a February 27 report in Keyhan, the workers had not received wages for eight months; in April, parliamentarian Ali Reza Mahjoub stated that 80,000 workers had not been paid. Indeed, the textile industry has been very hard hit of late. The closure of several hundred textile mills this year has decimated the economies of Isfahan and Mazandaran.

On February 26, the Iranian Student News Agency reported a demonstration by several hundred workers outside the Majlis after they had been laid off from the Ministry of Communication.

In March, tens of thousands of nurses protesting their low salaries staged at least three strikes, and also held a mass rally in front of the Majlis.

On May 1, several hundred teachers, students, and workers marched in Tehran, Isfahan, Mashhad, Ahwaz, and Semnan. According to Agence France Presse, the Tehran demonstrators denounced rising inflation and low salaries; some workers had not received wages in fourteen months. Sporadic (and, in Isfahan, violent) clashes broke out as security forces disbursed demonstrators.

### Blaming the Leadership

Protestors, reformist media, and even some among the clergy increasingly blame the government for the worsening economic situation, even as high-level officials like Supreme Leader Ali Khamenei, Expediency Council chairman Ali Akbar Hashemi Rafsanjani, and Revolutionary Guards commander Yahya Rahim-Safavi seek to place blame on "enemies" like the United States. During the May Day demonstration, protestors chanted "Incompetent officials, resign! Resign!" and "Forget Palestine, and think about us instead!" Khatami himself has not been immune from criticism. In December 2001, reformist students heckled him, chanting "Khatami, Khatami, Honesty! Honesty!" and "No more slogans. We want action!" In April, both Entekhab and Azad newspapers cited a poll commissioned by Sayyid Morteza Mir-Bagheri, head of Khatami's Committee on Youth Affairs, which found that 65 percent of young people in Iran felt that the clerics had no ability to deal with the needs of the youth.

Many reformists finger government officials (and their family members) who use their positions to further personal commercial interests. Azad published a letter in mid-February declaring, "The sons and relatives of the regime's leaders, who have latched onto the country's treasury should know that while they are leading grand lifestyles on public funds, in the very heart of the country's capital hundreds of citizens offer their kidneys for sale every day in order to buy basic goods for their families." That same week, the reformist daily Aftab-i Yazd published a letter stating, "It is impossible that a small group of masters of the regime and their families should live in luxury, while most of the people are suffering starvation and are facing death." At the funeral of the sister of Grand Ayatollah Husayn Ali Montazeri in March, Hojjat al-Islam Hadi Ghabel lambasted government officials, declaring that, "the regime wastes billions of dollars on worthless programs -- to say nothing of the fact that those close to the leaders of the regime have taken over the State's treasury, wasting unlimited public funds on acquiring firms and buildings for themselves all over the world!"

### Conclusion

Frustration is growing in Iran as living standards have continued to decline under Khatami. Even within the reformist camp, there is very little consensus on how to achieve economic reform or tackle structural impediments. For example, little will currently exists to tame the hardline and tax-exempt bonyads (revolutionary foundations) that continue to dominate the import trade and most major industries. The disproportionate economic power held by family members of key officials means that what growth does occur will not necessarily improve the economic

situation for the majority of Iranians. Moreover, the generally high oil prices during the Khatami years have not been able to stem the steady decline in living standards. As a result, a period of economic discontent -- quite possibly contributing to political instability -- appears to be looming over the Islamic Republic.

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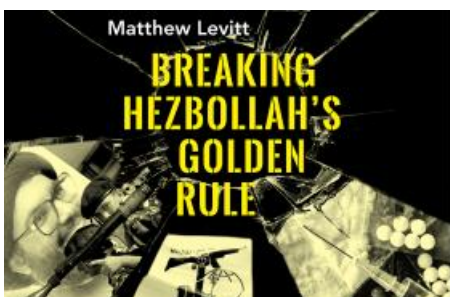
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