



Does the Price of Watermelons Matter? Economic Performance and Political Legitimacy in the Islamic Republic of Iran

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Despite Ayatollah Khomeini's famous comment that the Iranian revolution was "not about the price of watermelons," the Islamic Republic of Iran was in part founded on economic promises of redistribution, equality, and justice. The strength of this rhetoric has formed a core basis of political support for the regime, but it has also established public expectations that the Islamic Republic has been chronically unable to meet. Many analysts have cited Iran's poor economic performance since the revolution and resulting public dissatisfaction as a key weakness of the clerical regime and a potential source of its downfall. Indeed, this is a crucial element of the argument advanced by advocates of stronger multilateral economic sanctions against Iran in the dispute over its nuclear program. However, underlying this logic is an implicit assumption that regime legitimacy is tied to economic performance. While intuitively appealing, this assumption bears further scrutiny, particularly if it forms a basis for American policy decisions towards Iran. The primary goal of this paper is to examine the political and economic factors that have caused the gap between economic rhetoric and performance in Iran, and to assess the extent to which that gap has affected the political legitimacy of the Iranian regime.

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PREVIOUS RESEARCH AND METHODOLOGY

The Economic Performance/Public Support Dynamic

The relationship between economic performance and public support for a political regime or incumbent administration is a subject that has received substantial attention in developed countries, particularly Britain and the United States. Due to the paucity of high-quality survey data collected in developing countries, relatively little corresponding research on these political systems exists. The research that does exist focuses primarily on support for newly democratic regimes. One of the more well-documented studies of this subject was conducted by Steven Finkel, Edward Muller, and Mitchell Seligson, who use longitudinal surveys conducted in Costa Rica and West Germany in the midst of economic crises to assess the extent to which economic performance affected incumbent popularity and regime support.¹ They find that overall support for the democratic political regime remained very high throughout the crisis, while opinions of incumbent performance declined substantially. They conclude that democracies that enter

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economic crises with high levels of legitimacy are capable of maintaining regime support even in the face of dissatisfaction with particular leaders.

Shifting focus to Africa, Michael Bratton and Robert Mattes use survey data from Ghana, Zambia, and South Africa to examine whether support for these democratic regimes is 'intrinsic' (an end in itself) or 'instrumental' (a means to an end).² They conclude that "approval of democracy remains performance-driven; but approval hinges less on the government's capacity at delivering economic goods than its ability to guarantee basic political rights."³ Indeed, they find that "when other relevant factors are controlled for, citizen perceptions of economic delivery have no discernible effects on the endorsement of democracy in either Zambia or South Africa."⁴ In other words, for most citizens the political benefits of the democratic regime outweigh its economic benefits – or lack thereof. A similar study of post-communist democratic states in Eastern Europe, conducted by Geoffrey Evans and Stephen Whitefield, comes to largely the same conclusion, finding that "when support for marketization is controlled for, there is very little link from economic experience to support for democracy."⁵

The consistency of these conclusions across divergent social and political settings leads to a fairly robust conclusion that democratic regimes do not rely primarily on economic performance for legitimacy. Instead, it is their ability to meet the political needs of their citizens that forms the core of their public support. While poor economic performance can, and often does, decrease public support for an incumbent administration, it does not undermine the democratic regime itself.

Methodology

These findings are robust in the context of democracies, but do they apply to Iran given its unique mixture of representative and theocratic elements? Due to the scarcity of reliable survey data, this is a challenging question to answer. In the absence of such data, this paper must employ a more circuitous approach. In order to assess the effect of economic performance on political legitimacy in Iran, the conclusions developed from research on emerging democracies serve as

a working hypothesis, which is then tested against available data from Iran to judge whether or not the same results can be observed there.

The Islamic Republic of Iran is not a democracy. Political authority lies ultimately with the Qur'an and proximately with the *Rahbar* (the Supreme Leader), rather than with its citizens. However, the Islamic Republic does contain strong representative elements. The *Majles* (the Iranian parliament) and the president are elected directly by the citizens, though the list of eligible candidates is carefully screened by clerical authorities to ensure proper "Islamic" credentials and political viewpoints that are acceptable to the regime. In using the findings from emerging democracies as a falsifiable hypothesis for Iran, I assume that it is not the democratic elements of the regimes cited above that give them their core political characteristics, but rather their republican elements. In other words, I hypothesize that it is not democracy *per se* that affects public opinion in the democratic regimes studied above, but rather what is often called the "democratic process" – voting, representation, competing political parties, etc. A

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finding that economic performance affects political legitimacy in Iran would reject this hypothesis. On the other hand, a conclusion that economic performance does not influence political legitimacy in Iran would argue in favor of this hypothesis that Iran's republican government produces a similar phenomenon to that which is observed in democracies.

Accurately gauging public opinion in Iran is a challenge. The government keeps tight control of public polling activities to prevent the collection and dissemination of information that might undermine regime policies. For example, the head of Iran's National Institute of Public Opinion, Behrouz Geranpayeh, was imprisoned in 2002 after publishing a poll showing that 75 percent of Iranians favored a resumption of diplomatic relations with the United States.⁶ In an environment where the government actively hinders the ability of researchers to measure public opinion, it is difficult to devise a methodology that can cleanly and definitely answer the present research question.

To address this concern, I have cast my net broadly, relying on a variety of information sources. In addition to economic and historical

analysis of Iran's political economy, this paper makes use of three primary data sources: survey data from the 2000 *World Values Survey* (WVS),⁷ a poll conducted in 2006 by the *Program on International Policy Attitudes*,⁸ and Iranian print media coverage. Each data source has its limitations (see endnotes for a more detailed discussion). Taken together, however, they constitute the most direct and contemporary sources available about political and economic issues in Iran.

Using Iranian print media to analyze Iranian public opinion as a whole presents a particular challenge due to the fact that Iranian newspapers are subjected to intense government scrutiny and censorship. In the 2006 "Press Freedom Index" compiled by *Reporters Without Borders*, Iran was placed 162nd out of 168 countries ranked, reflecting the severe limitations placed on reporters and editorialists.⁹ However, Iranian newspapers express a surprisingly wide range of opinion regarding many of the economic issues examined in this paper. Thus, while Iranian print media should not be taken to represent the full spectrum of opinion within Iran, it can be analyzed within the framework of the discourse that the clerical regime deems to be acceptable.

Economic Policies and Political Consequences

Impact of a Fragmented Revolutionary Alliance

The Iranian Revolution was the product of many different groups bound together by their shared dislike of the Shah's regime. While religious conservatives, Marxists, nationalists, and merchants each protested the Shah's economic management of Iran,¹⁰ their specific critiques of his performance were widely divergent. In the revolution's aftermath, these disparate parties formed a fractured foundation upon which the new regime's economic policies would be built. Proposals ranged from the total collectivization of the economy to preserving the existing free-market system, with only marginal changes designed to make it more just and 'Islamic.'

The end result of this political debate was a synthetic compromise that appropriated elements of the Marxist agenda and presented them in religious terms. The government nationalized thousands of firms, created a system of large religious foundations (*bonyads*) to provide for the needs of the poor, and developed a massive system of subsidies (both directly and indirectly

through preferential exchange rates). Taken as a whole, these policies have been consistently inefficient and counterproductive, measured either by the standard of pure economic growth or by the conception of economic justice that formed the core of revolutionary rhetoric. Since the Islamic Republic's creation, inflation has averaged 21 percent per year.¹¹ The unemployment rate is currently estimated to be around 20 percent, a figure that rises to nearly 50 percent among Iranians between the ages of 25 and 29.¹² Foreign direct investment remains all but non-existent in Iran, and subsidies currently consume nearly 25 percent of Iran's GDP.¹³

The Revolution's Economic Legacy

Despite these desultory results, a number of political factors have foiled the few serious attempts at reform that have taken place. First, the small cadre of political insiders and *bonyad* chiefs – both well positioned to benefit from distortions in the Iranian economy – have grown staggeringly wealthy under the Islamic Republic. The *Bonyad-e Mostazafan* for example, the largest of the revolutionary foundations, had by the mid-1990s become the largest economic entity in the Middle East.¹⁴ One analyst estimates that the foundation currently produces about 11 percent of Iranian GDP.¹⁵ These organizations have not hesitated to use their money and influence to fight any challenges to the economic status quo that has benefited them so greatly.

The second impediment to reform is the fact that Khomeini's death in 1989 deprived the Islamic Republic of the single leader whose unquestioned religious and political authority could decisively break political deadlocks. The effect has been a diffusion of political power and the creation of a tremendous amount of institutional and political inertia. While political leaders can – and have – pushed economic policy in one direction or another, other political players almost always retain enough clout to push back and effectively preserve the status quo. With the notable exception of exchange rate unification (eliminating tiered, fixed exchange rates and letting the currency float) in 2003, most attempts

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at economic reform in Iran have been short-lived and unsuccessful.

Third, this tendency toward political inertia has been exacerbated by the enduring power of the revolution's emotional and rhetorical legacy. Khomeini's singular popularity and his political apotheosis in the iconography and rhetoric of the Islamic Republic have made it extremely difficult to break with his legacy, however imperative doing so might be from a policy perspective. The political costs associated with a public repudiation of any aspect of Khomeini's thought would be unbearably high for all but the most popular politician.

CONTEMPORARY PERCEPTIONS OF ECONOMIC PERFORMANCE

These factors have led to an obvious gap between the Islamic Republic's economic rhetoric and its performance. But how is this gap viewed in the context of Iran today? By examining data from the 2000 *WVS* and Iranian print media coverage of several central economic issues we can develop tentative answers to this question.

Based on a review of these data sources, it is clear that economic issues are by far the most important concern of the Iranian public. In the *WVS*, 51 percent of respondents said that "a high level of economic growth" should be the top priority for the country in the next 10 years, with another 23 percent saying it should be the second highest priority. By way of comparison, the second highest priority was that "people have more say about how things are done," which was identified by only 18 percent of respondents as the top priority. The large number of newspaper stories and editorials that focus on economic matters further reflects the political importance of this issue.

Today, as during the revolution, discontent with the economic status quo is a driving political force. But while economic issues remain at the top of the agenda, public opinion about the direction that should be taken on those issues has changed substantially. Evidence from the 2000 *WVS* suggests that widespread public enthusiasm for the redistributionist and statist economic goals of the revolution has waned. Many of the economic issues that formed the core of the revolution's economic agenda now fail to capture majority support. When asked to rate their views of

private vs. state ownership of business on a scale of one to 10 (with one representing "private ownership of business should be increased" and 10 representing "government ownership of business should be increased"), the mean response from Iranians surveyed in 2000 was 5.67—almost perfectly in the middle.¹⁶ Likewise, when asked to rate their opinions on income inequality on a scale of one to 10 (with one representing "incomes should be made more equal" and 10 representing "we need larger income differences as incentives"), the mean response was 5.66—again, almost perfectly in the middle.¹⁷ While a wide range of opinion is expressed on these questions, the Iranian population as a whole is surprisingly moderate about these issues that once formed core, popular demands of the revolution.

Inflation and Fiscal Policy

Examining Iranian press coverage of economic issues provides a more nuanced look at the views expressed on these issues. In 2007, the frequency and vitriol with which Iranian newspapers have criticized the Ahmadinejad administration about inflation far exceeds any other single issue. The criticism is direct and unsparing, specifically pinning the blame on the expansionary fiscal and monetary policy of the Ahmadinejad administration. The price of tomatoes, for example, has become a synecdoche for the problem of inflation in general, with newspapers tracking their price in various regions and government officials frequently being asked about their price. At a speech presenting his annual budget to the *Majles* in January, Ahmadinejad was heckled by members for underestimating the current price of tomatoes by nearly 50 percent. In response, he suggested that they shop someplace less expensive.¹⁸

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Faced with the political costs of inflation, the Ahmadinejad administration has adopted various techniques to deflect or diffuse the issue. For many months, government officials and their sponsored media outlets simply denied that inflation was any higher than it had been in recent years. More recently, as the effects have become increasingly obvious, officials have dealt with the issue by blaming merchants for 'profiteering' -- raising prices to line their own pockets at the expense of the poor.¹⁹

Ahmadinejad himself has been on the defensive over the issue, arguing at a January 23, 2007 press conference that the government has been trying to protect Iranian farmers: "We could have imported tomatoes from abroad in order to bring the price down, but we did not do so in order to protect domestic producers." In response, one paper reminded its readers that Ahmadinejad had not shown such concern about Iranian farmers the year before, when he had allocated millions of rials for the import of fruits to keep prices low around the Persian New Year.²⁰

The effect of inflation on the poor has been one of the rhetorical tropes that newspapers and parliamentarians from across the ideological spectrum have repeatedly employed to criticize administration policies.²¹ For example, the Iranian Labor News Agency quotes a labor leader in the province of Gilan as saying "The ninth government made many promises concerning economic issues and ways to resolve the plight of the workers. Unfortunately, however, not only none of these promises have so far been fulfilled, the plight of the workers is worsening day by day."²² Another paper writes:

What has made the price increase intolerable for people during the last couple of years was not the sole problem of the increasing prices but the denial of the statesmen. Iranian officials did promise the nation that they would do all they could to provide the lower class of the society a better life but have failed to achieve this goal. In fact, it

seems that they have accepted their defeat in this challenge.²³

By focusing on the plight of the poor, rather than the economy in general, critics achieve two goals. First, they protect themselves from political retribution by situating their complaints within the acceptable discourse of the Islamic Republic. Second, they implicitly undermine the legitimacy of the administration by pointing out its failure to accomplish one of the fundamental tasks that Khomeini set out for the regime. Despite being deeply critical of the Ahmadinejad administration, such critiques implicitly buttress the legitimacy of the Islamic Republic by measuring the administration against the rhetoric of the revolution. Criticizing the administration is not the same as criticizing the regime, and the Islamic Republic is careful to allow the former in order to avoid the latter.

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Subsidies

Subsidies have been an issue of intense political debate in recent months, particularly regarding gasoline subsidies. High subsidies keep the domestic price of gasoline at around 30 cents per gallon, costing the Iranian government nearly \$6 billion in 2006.²⁴ Domestic

energy consumption has increased dramatically over the lifetime of the Islamic Republic, rising to 40 percent of domestic production in 2006.²⁵ This, in turn, has led to substantial environmental problems such as air pollution, which according to World Bank estimates annually costs Iran the equivalent of 1.6 percent of its GDP.²⁶

In response to these budgetary and environmental costs, gasoline rationing was imposed in Iran in late June 2007, leading to a brief wave of protests and rioting across the country. The political damage to the Ahmadinejad administration from this decision was considerable--at least partially in response to the public outcry about rationing he dismissed his Minister of Petroleum in August.²⁷ While public ire has focused on the president, the need for rationing was widely acknowledged across the political spectrum among parliamentary leaders. As one conservative editorialist wrote before the rationing decision had been made,

“the fuel subsidy, especially the gasoline subsidy, in Iran has grown to an intolerable point, such that the current situation can not persist any longer.”²⁸

Despite this agreement across ideological lines, various factions of the *Majles* and the Ahmadinejad administration have been locked in an intense political battle over the appropriate level and time frame for rationing and subsidy cuts.²⁹ Members of the *Majles*, concerned with the

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effect of gasoline rationing on tourism revenues in regions outside of Tehran, successfully lobbied the Ahmadinejad administration for a one-time allowance of an extra 100 liters per car in order to allow families to take their traditional summer holidays in August and September.³⁰ The administration, however, has rejected parliamentary proposals to allow

motorists to buy market-price gasoline above their fixed-price ration limit—fearing that such a policy would increase inflation and cause further political damage.

In some ways, this policy debate is unremarkable. After all, the reduction of subsidies has been a source of political contention in developing countries throughout the Middle East and the world. However, in Iran the ideological and rhetorical legacy of the revolution looms large in the debate, creating a difficult hurdle for reformers to overcome. The choice between economic populism and technocratic detachment from public opinion is a particularly challenging one in a political setting with little tradition of deferring to positive economic expertise at the expense of normative exhortations to support the needs of the poor.

But the sheer scope of the problems created by gasoline subsidies appears to have shifted the debate in the direction of fiscal restraint and the importance of economic expertise. One parliamentarian, after the Ahmadinejad administration publicly discussed vetoing the *Majles'* attempts to increase the price of gasoline in April, responded: “Doing this will undermine government and parliament's standing with the

public. Pity (for the poor) should not be allowed to harm the economy, destroy the environment and waste time and energy, and ultimately put pressure on the weak.”³¹ Another representative responded to the proposal with an answer that could have come straight from a Western economics textbook:

We are opposed to having quotas and coupons, and the main reason for this opposition is the harm this will do to the people. One of the great consequences of two-rate petrol with quotas is inflation. The most correct way of providing petrol given Iran's conditions is to have it at one rate.³²

Clearly the current debate is a far cry from the pseudo-Marxist rhetoric of the revolution.

The enormous and potentially ruinous costs of gasoline subsidies have forced the *Majles*, and to a certain extent even the Ahmadinejad administration, to face the limits of ideologically-driven policymaking. However, in doing so, they have incurred the wrath of a public raised on the economic promises of the revolution. The political turmoil that has ensued demonstrates the corner that Iran's leaders have backed themselves into: fundamental economics demands that they change course, but fundamental politics will not allow them to do so.

EFFECTS OF ECONOMIC PERFORMANCE ON REGIME LEGITIMACY

This brief review of Iranian print media demonstrates that the country's poor economic performance has clearly left many Iranians unhappy. The larger question, however, remains: has poor economic performance made them unhappy with the Islamic Republic? In other words, has the regime's failure to meet its economic promises undermined its legitimacy? This paper's review of literature on the relationship between regime support and economic performance indicated that, at least for democracies, regime support can weather long periods of poor performance. However, applying these observations to the case of Iran is complicated by two factors: 1) despite representative elements, it is not a full democracy, and 2) the poor economic performance of Iran does not represent a temporary aberration but rather a consistent

trend of the past 28 years, with little hope for structural reform in sight.

The editorials and opinion articles presented in the preceding section provide useful insight into various points of view about the Iranian economy and its management by the current administration. Newspapers, however, cannot directly criticize the current regime without suffering severe legal and professional consequences. It is therefore necessary to turn to the WVS polling data to get a sense of how long-term discontent with the economy may have affected general Iranian perceptions of the clerical regime. Since the WVS data was collected in 2000, it is obviously impossible to draw any direct conclusions about what has happened under the Ahmadinejad administration, which began in 2005. However, the 2006 PIPA polling allows for some general conclusions to be drawn about where public opinion stands today.

A basic level of support for the clerical regime can be seen in the fact that in 2000 Iranians still said that they have confidence in the institutions that form the basis of the regime. The chart below, based on the WVS survey, presents a vivid picture of Iranian perceptions of major social institutions:

What degree of confidence to you have in...? (Percent responding "a great deal" or "quite a lot")

	Overall	Education Level		
		Low	Medium	High
Churches	86	92	87	80
Parliament	71	75	68	67
Government	69	73	68	65
Civil Services	45	49	45	40
The Press	36	40	37	32
Major Companies	30	30	30	28

"Churches"³³ are by far the most trusted institution in Iran, with 86 percent of the respondents reporting "a great deal" or "quite a lot" of confidence in the institution. While the level of confidence decreases somewhat among people with higher levels of education, it remains

by far the most trusted institution across this and other demographic categories. Even among respondents who say they "never" or "practically never" attend religious services, 52 percent report having confidence in religious institutions. Parliament and the government generally enjoy the confidence of a substantial majority of the population (71 percent and 69 percent, respectively), albeit at lower levels than those enjoyed by "churches." In addition to strong support for the institutions themselves, a majority of Iranians also expressed general satisfaction with public office-holders - 64 percent reported themselves to be "very satisfied" or "fairly satisfied" with "the people in national office."³⁴ Conversely, only a minority of the population expresses confidence in the press, major companies, and civil services.

Whatever disappointments Iranian citizens may have in the economic performance of the Islamic Republic, the regime's core institutions - the church, government, and parliament - have retained significant depth and breadth of support in Iranian society. Furthermore, the WVS data shows that many of the anti-Western complaints of the revolution still retained their political salience in 2000. An overwhelming 85 percent of Iranians say that they consider "exploitation, by force, of [Iran's] natural resources by a powerful country" to be a "serious" or "very serious" problem. "Western cultural imperialism" is deemed to be a "serious" or "very serious" problem by 71 percent of Iranians. The continued resonance of these issues nearly three decades after the revolution suggests that they play an important role in Iranian politics. These figures provide a numerical illustration of how Iranian leaders have been able to submerge internal political dissent by focusing public attention on Western interference in the region. Whether or not such rhetorical decisions are made based on genuine belief or crass political calculation is largely irrelevant. Either way, the fact remains that distrust of the economic, political, and cultural influence of the West is widespread throughout Iranian society. Politicians who speak about and act upon those sentiments are rewarded with political support.

Another somewhat surprising result from the WVS is that Iranian citizens tend to rate their political system relatively highly when compared to other countries; of the 51 countries included in the 1999-2004 wave of WVS polling, Iran's mean score was the 11th highest. There are many cultural and methodological factors that might

influence these ratings, but unless one completely discounts the objectivity of the survey, Iran does not appear to be a country on the brink of a fundamental crisis of legitimacy. It is particularly interesting to note how much higher Iran scores (5.84 on a scale of 1 to 10, with 10 being “very good”) than its neighbors, Pakistan (3.80) and Turkey (2.94).

Without longitudinal survey data it is impossible to assess with any certainty how views on these specific issues may have changed since 2000. As described above, economic dissatisfaction is high. There have been corruption scandals, political battles, and a number of other factors that might have diminished the legitimacy of the regime in the past seven years. On the other hand, oil revenues are up, enabling the government to spend lavishly on social programs and infrastructure development. Additionally, increased diplomatic and military pressure from the United States may have generated a rally-round-the-flag effect, boosting the legitimacy of the regime.

Despite these uncertainties, there is little indication that a precipitous collapse of public support has occurred in recent years. The 2006 PIPA poll shows that Iranians still consider political representation to be a core value. When asked “how important is it for you to live in a country that is governed by representatives elected by the people?” the mean response was 9.1 (on a scale where 1 represents “not at all important” and 10 represents “absolutely important”). Given the theocratic elements of Iran’s governmental structure, Iranians also gave a fairly high assessment of the republican nature of the regime. When asked “how much do you think Iran is governed by representatives elected by the people?” the mean response was 6.9 (on a scale where 1 represents “not at all” and 10 represents “completely”). While these questions are not directly comparable to any of the question on the 2000 WVS, they buttress the observation that fundamental components of political legitimacy remain strongly in place: a majority of Iranians value political representation and consider their government to be fairly representative. Public opinion about the government is by no means positive on all issues, however; many Iranians appear unimpressed by the extent to which their government respects individual rights. Only 21 percent of Iranians responded that there was “a lot” of respect for individual human rights when

responding to the question “how much respect is there for individual human rights nowadays in our country?” A further 49 percent said “some,” 27 percent said “not much,” and 7 percent said these was “no” respect for individual human rights.

This data does not allow for a definitive rejection of the hypothesis that economic performance has eroded regime legitimacy in Iran – that would only be possible

with more specific questions and consistent time-series data. However, if such an effect exists, it is not pronounced enough to significantly impact the stability and legitimacy of the regime. The Islamic Republic has been in economic crisis to one degree or another for the duration of its existence, as evidenced by the fact that GDP per capita has not yet returned to pre-revolutionary levels. If a strong relationship existed between economic performance and regime legitimacy, surely it would be visible by now. But despite widespread dissatisfaction with the country’s economic performance and the current administration’s economic mismanagement, the two public opinion surveys examined in this paper show no evidence of a widespread crisis of legitimacy. Iranians rate their government more highly than the citizens of many other countries in the world with far superior economic records in recent decades.

CONCLUSION

This analysis of press coverage of economic affairs and public opinion data shows that – despite widespread and vocal discontent with the economic performance of the country – there is little evidence to indicate that such discontent has undermined the legitimacy of the regime. This finding is consistent with quantitative research on democracies, which shows that poor economic performance is insufficient to undermine the legitimacy of an otherwise popular regime. The Islamic Republic appears to be sufficiently representative in its governmental structure that its political dynamics behave in a similar fashion: popular dissatisfaction with economic

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performance gets pinned on the administration, not the regime. Furthermore, much of the media criticism directed at the current administration is couched in terms that affirm the underlying legitimacy of the regime as a whole. By criticizing the administration for failing to live up to the ideals of the revolution, opponents may damage the reputation of the administration, but they cement the normative and political centrality of the Islamic Republic. Indeed, the very fact that the regime allows such open criticism of economic policy in the press suggests that they find political value in it.

None of this is meant to imply that the Iranian population is monolithic in its support for the Islamic Republic. Polls show that Iranians are unhappy with the regime's lack of commitment to individual human rights, and that public support for the radical religious, economic, and social goals of the revolution has waned. Iranian support for the government is neither uncritical nor unambiguous, but this paper finds no evidence to suggest that the regime is widely viewed as illegitimate. Indeed, the *WVS* polling indicates that, at least in 2000, Iranian citizens viewed their political system more favorably than those of many other countries throughout the region and the world.

This conclusion has broad implications for the future of Iran, as well as for American foreign policy towards Iran. First, it suggests that domestic regime change is highly unlikely in the near or medium-term future. The dismal state of the Iranian economy is the single most important issue in Iranian politics today, yet this discontent does not translate into a desire for regime change. A more likely course of events is that worsening economic conditions will eventually build sufficient support for reform to overcome the political barriers inherited from the revolution and move the Iranian economy in a more market-oriented direction.

Second, the findings of this paper suggest that regime change – if and when it occurs – will not be because of poor economic performance. Rather, the catalyst will likely be the failure of the Islamic Republic to deliver on the political promises of the revolution. From the perspective of the clerical regime, therefore, meddling in

elections and suppressing political dissent is a dangerous business. As long as elections are widely perceived as being basically free and fair (within the highly restrictive limits set by the Iranian Constitution), much of public pressure for increased performance will fall on the elected administration, not the clerical regime. It is telling that Iran's closest brush with regime change since the revolution was not the result of economic turmoil but of the decision by hard line elements to use force to suppress peaceful student demonstrations in July 1999.

Third, these findings imply that American and European sanctions directed at the Iranian civilian economy as a whole may be somewhat limited – or even negative – in their effect. If economic performance is not a key legitimizing factor for the Iranian regime, then it is unlikely that sanctions alone will precipitate a change in Iranian nuclear policy or other contentious issues. Economic hardship caused by Western sanctions might harm the popularity of President Ahmadinejad but it would be unlikely to undermine support for the clerical regime. On the contrary, it would be more likely to rekindle the nationalist, anti-Western spirit of the revolution.

Fourth, the survey data presented here suggests that confrontational foreign policy towards America and the West will likely remain an important component of Iranian domestic politics. Until substantial economic reforms are possible, future Iranian presidents will face the unenviable prospect of being held responsible for the performance of an economy over which they have little control and which is riddled with structural deficiencies. This will always negatively impact their popularity and political power, creating an incentive to turn to popular issues that will rally public opinion. Anti-Western sentiment remains strong among a majority of Iranians and particularly among various elements of the government's power structure. Any Iranian president, regardless of his political orientation, will find it far easier to adopt a confrontational stance towards the West rather than a conciliatory one, a situation that will tend to increase as economic performance worsens.

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Finally, these findings point to a surprising flexibility and durability in the Islamic Republic. Paradoxically, the dismal economic performance of Iran under this regime reveals an underlying strength rather than a weakness. If the Islamic Republic can withstand a quarter-century of very lean years, the longest conventional war of the Twentieth Century, and continual pressure from a hostile superpower, it is unlikely to crack any time soon. Economic reform will be one of the central issues in Iranian politics for years to come. It seems unlikely, though, that a failure to reform will lead to another revolution. To be sure, there are large pockets of profound political discontent within Iran and among Iranian expatriates. But at

a fundamental level, the Islamic Republic appears to remain a legitimate form of government in the eyes of most Iranians. In the final analysis, Ayatollah Khomeini may have been right – the Iranian revolution was not about the price of watermelons and neither was the Islamic Republic that it founded.

The views and opinions expressed in articles are strictly the author's own, and do not necessarily represent those of Al Nakhlah, its Advisory and Editorial Boards, or the Program for Southwest Asia and Islamic Civilization (SWAIC) at The Fletcher School.

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- ⁷ The World Values Survey (WVS) is a longitudinal study of change in personal and social values in 51 countries. The first WVS Iran survey was conducted in 2000 by means of personal interviews with 2,600 Iranians in 28 provinces selected through a clustered random sample. The survey shows a high variance of opinion, indicating that there was no obvious systematic bias in the sample. However, it is impossible to measure the extent to which individuals might have altered their responses due to political pressure or fear that their responses might be made available to the government. Furthermore, it is difficult to assess in any quantitative fashion the degree to which cultural factors might bias a particular country's responses relative to other countries. The fact that the survey was conducted seven years ago limits the extent to which its data can be used to draw conclusions about contemporary Iran. The economy and politics of Iran have changed substantially since 2000, when President Khatami was in power and oil prices were at low ebb. A further challenge is that the WVS was designed to be comparable across societies, and therefore consists of fairly general questions that have wide applicability. As a result, there are many issues of particular importance to Iran that are not addressed in the survey. The WVS conducted another wave of polling in 2005, but that data has not yet been made public. When it is, the ability to compare Iranian public opinion over time will greatly increase the strength of the conclusions that can be drawn from the data. The reader might reasonably ask whether survey data from 2000 has anything at all to tell us about the state of public opinion in 2007. The answer is that a wide body of research in countries with long histories of public opinion polling has shown that while responses to questions about presidential approval or current news events can change quickly, broad questions about political and social values elicit surprisingly stable responses. See, for example, Benjamin I. Page and Marshall Bouton, *The Foreign Policy Disconnect: What Americans Want from Our Leaders but Don't Get* (Chicago: University of Chicago Press, 2006) and *The Rational Public: Fifty Years of Trends in Americans' Policy Preferences* (Chicago: University of Chicago Press, 1992). Of course, events in Iran may have proven substantial enough to change public opinion substantially since 2000, but in the absence of more recent information, this data provides the best approximation available of what Iranians currently think.
- ⁸ The Program on International Policy Attitudes poll, conducted in December 2006, focuses specifically on the current confrontation between the United States and Iran over Iran's nuclear program, and therefore has relatively little of use in studying Iranian political economy. However, its recent completion date provides a reference point to assess whether or not attitudes toward the Iranian regime have shifted drastically in the time between the 2000 World Values Survey poll and today. The poll was conducted through face-to-face interviews with 1,000 respondents in all 30 provinces in Iran, with a margin of error of 3.2%. Full survey data is available at http://www.usip.org/iran/iran_presentation.pdf.
- ⁹ Reporter Without Borders, *Worldwide Press Freedom Index 2006*, October 23, 2006, <http://www.rsf.org/IMG/pdf/cm2006_mo-2.pdf> (accessed April 20, 2007).

- ¹⁰ Ibid., 15-19.
- ¹¹ International Monetary Fund data.
- ¹² Peter David. "The Revolution Strikes Back: A special report on Iran." *The Economist*, July 21, 2007, 9.
- ¹³ Ibid.
- ¹⁴ Sohrab Behdad. "From Populism to Liberalism: The Iranian Predicament," in Parvin Alizadeh, ed. *The Economy of Iran: Dilemmas of an Islamic State*. (London: I.B. Tauris, 2000), 112.
- ¹⁵ A. Karbasian, *Bodje v bodje rizi-ye dolati dar Iran* [Budget and Budget Planning in Iran] (Tehran: Banking Institute of Tehran, 1999). Quoted in Javad Amid and Amjad Khadjikhan, *Trade, Industrialization and the Firm in Iran: The impact of government policy on business* (London: I.B. Tauris, 2005), 72.
- ¹⁶ By way of comparison, Egypt (1999) and Iraq (2004) are substantially more supportive of government ownership, with a mean response of 6.68 and 6.93, respectively. Turkey (2001), on the other hand, is somewhat more supportive of private ownership, with a mean of 5.17.
- ¹⁷ On this issue, Iranian public opinion is barely distinguishable from American public opinion (1999), which has a mean response of 5.72.
- ¹⁸ Budget speech to Majles by Iranian President Mahmud Ahmadinezhad, Islamic Republic of Iran News Network Television, January 27, 2007. Available from World News Connection.
- ¹⁹ "Lack of Supervision' Blamed for High Food Prices," *Iran Daily*, February 7, 2007. Available from World News Connection.
- ²⁰ Hamid Reza Shokuhi, "Analysis of the president's interview broadcast by TV Channel Two. Twenty other questions for the president," *Mardom Salari*. January 26, 2007. Available from World News Connection.
- ²¹ See, for example: "Stubbornness with whom, and why!?" *Aftab-e Yazd*. August 23, 2007. Available from World News Connection.
- ²² "Official Says Government Promises Failed Workers, Situation Worsening Daily," *Iranian Labor News Agency*, January 31, 2007. Available from World News Connection.
- ²³ "Prices are Skyrocketing," *Gilan-e Emruz*. February 10, 2007. Available from World News Connection.
- ²⁴ United States Department of Energy. *Iran Country Analysis Brief*, August 2006, <<http://www.eia.doe.gov/emeu/cabs/Iran/Background.html>> (accessed 10 April 2007).
- ²⁵ Roger Stern, "The Iranian petroleum crisis and United States national security," *Proceeding of the National Academy of Sciences of the United States of America*, December 26, 2006, <www.pnas.org/cgi/content/full/104/1/377> (accessed December 6, 2007).
- ²⁶ The World Bank, "Islamic Republic of Iran: Cost Assessment of Environmental Degradation," June 30, 2005, Report No. 32043-IR. .
- ²⁷ Robert Tait, "Ahmadinejad dismisses two key ministers," *The Guardian*, August 13, 2007, <<http://www.guardian.co.uk/iran/story/0,,2147923,00.html>> (accessed December 6, 2007)
- ²⁸ "Worrisome Statistics on Situation of Production, Consumption of Gasoline in Country," *Hamshahri*, March 12, 2007. Available from World News Connection.
- ²⁹ "Good Thing There Is a Majles," *Kargozaran*, March 14, 2007. Available from World News Connection.
- ³⁰ "Iran to allow motorists extra petrol," *AFP*. August 28, 2007.
- ³¹ "Some Iran legislators oppose continued subsidies for petrol," *Aftab-e Yazd*, April 10, 2007. Available from World News Connection.
- ³² Ibid.
- ³³ Presumably the researchers used another term in the actual survey.
- ³⁴ This is roughly on par with the United States, where 69% reported themselves to be "very satisfied" or "fairly satisfied."