

The Election of President Rouhani: Iran's Economy & Security

Written by Satgin Hamrah

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SATGIN HAMRAH, JUL 18 2017

In the 2017 Iranian presidential elections, more than 40 million Iranians voted for their choice of Iran's next president. Despite the close and at times contentious election process, President Rouhani won a second term in May, receiving 57% of the votes. His victory resulted in a general feeling of euphoria across the country, particularly among the middle and upper class segments of Iranian society. This was evident as Iranians poured into the streets to sing and dance in celebration of President Rouhani's victory over his political rival Ebrahim Raisi. The most immediate effect of Rouhani's victory is the strong mandate he was given by the people to continue to push through reforms, as well as garner a stronger voice for moderates concerning both domestic and international arenas. Nonetheless, despite the excitement associated with his victory, substantial challenges remain. Given the realities associated with Iran's economy after the crippling sanctions and its tumultuous security landscape, President Rouhani will likely approach high-pressure challenges strategically, balancing the interests of his people with solutions that will help the future of his country. As such, he will focus on two key factors, the economy and the country's security.

From an economic perspective, the sanctions wreaked havoc on Iran and severely and detrimentally impacted the country's economy and the lives of every day normal people. Iran's poor were the most adversely impacted. These individuals struggled to get jobs, maintain proper housing, feed their families and attain needed medical care. Other ordinary Iranians across all segments of society were also adversely impacted. For example, prices have consistently been unstable and budgets continuously stretched thinner and thinner, making basic daily activities relatively difficult for most across the country. Moreover, lives were unstable at basic levels as people witnessed the values of their savings consistently diminish and their ability to sufficiently support their families decrease. It was widely hoped that the nuclear deal would help ease this economic instability and facilitate the growth of a stable and robust economic infrastructure. Thus, resulting in better conditions. However, despite this hope economic challenges continue to exist even after the historic nuclear deal. As such, while Iran's economy did somewhat rebound after the signing of the nuclear deal, the deal has not yet resulted in major benefits for the average Iranian. For example, this was illustrated in 2016, a year after the nuclear deal, in which the country was still suffering from high inflation and unemployment rates.

It is widely believed that President Rouhani will use the mandate he was given by the people, to continue with reform measures in order to strengthen the country's economy and by extension improve people's lives. This includes continuing the implementation of a comprehensive strategy of market-based reforms that reflect his government's twenty-year vision, as well as continue with his reform of Iran's subsidy program. In addition, in order to strengthen the country's industrial infrastructure, to further facilitate job creation and enhance people's overall financial situation, President Rouhani's government has set forth a strategy to strengthen the country's existing economic infrastructure, as well as facilitate its expansion by bringing in external players and expanding pertinent bilateral and multilateral relationships. Within this strategic framework, he has attained several agreements with major oil companies, such as Total, which is seeking a stake in Iran's \$4 billion gas field project and Lukoil, who seeks to develop Iranian oil fields.

The second key point that President Rouhani will focus on is Iran's security. This focus will be further honed given ISIL's terrorist attacks in Tehran on June 7, its continued fight against ISIL to its west and the challenges the country continues to face at its border with Pakistan to its east as a result of Baluch insurgents. The coordinated terror

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attacks in Tehran last month struck key symbols of the country and are believed to have been conducted by Arab Iranian Sunni's who had left Iran to fight for ISIL in Iraq and Syria and then returned to terrorize the country. Iran continues to be a target of this terrorist organization as it fights to eliminate it in Iraq and Syria, along with other key partners. While the coordinated attacks stunned the nation, Iran has been and continues to be fighting this group within its border as it continues to crack down on ISIL linked cells inside the country, particularly along its border with Iraq.

A three-pronged approach is being undertaken as a result of this attack. The first prong is associated with the Iranian Revolutionary Guard Corps (IRGC) who has placed blame on Saudi Arabia and vowed revenge. The second prong is a coordinated massive counterattack against ISIL, which began in late June. The third prong involves closer cooperation with regional allies, even those Iran has previously had tension with, such as Turkey, based on shared interests and security threats.

Another facet of Iran's security landscape is insurgents in, Sistan-e Baluchistan who move back and forth along the porous borders with Pakistan. These individuals are another security threat, which President Rouhani will continue to grapple with. Iran and Pakistan have both been dealing with the challenges associated with Baluchi insurgents on both sides of the border who seek to terrorize both countries in their aim to establish an independent Baluchistan from territory from both countries. The insurgents identify closely with the Baluch populations across the border, and neither those in Iran nor those in Pakistan consider themselves as part of these countries and seek a "Greater Baluchestan." In Iran, they are responsible for numerous kidnappings, ambushes and deaths of civilians, government officials, Iran's Revolutionary Guards and soldiers. As such, President Rouhani will likely continue existing Iranian strategy against insurgent Baluch organizations, including working with the Pakistani government, as this issue requires a bilateral strategy if a comprehensive remedy is sought.

President Rouhani will continue with his reform process, as well as the strengthening of the country on both internally and externally. There will be a keen focus on Iran's economic landscape, such as unemployment, inflation, currency depreciation, infrastructure. Additionally, given the changing political environment in the Persian Gulf, the dynamics of fighting terrorism on two sides of its border, etc. he will continue developing strategies and measures to protect the interests and security of his nation. This will include the continuation of his reform process, reaffirmation of international partnerships with financial, political and security partners and the development of new partnerships.

About the author:

Satgin Hamrah is a PhD student in History at Tufts University and has earned a Master of International Relations degree from Boston University and a Master of Public Administration degree from the University of Southern California. She is also a Doctoral Fellow at the Fares Center For Eastern Mediterranean Studies at the Fletcher School at Tufts University and a PhD Fellow at the South Asia Democratic Forum.