

**Socio Economic Development in Post-Revolution Iran and
Regional Stability in West Asia**

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Introduction

Iran is one of the most important countries in West Asia. It occupies a strategic position both in terms of its location and political influence as well as its economic strength and military might in this region. Apart from this, Iran is the most populous state in West Asia. Its population was around 63 million in 1999 (World Bank, 2001) and it has also about 50 percent more inhabitants than seven littoral states in the Gulf region. After the devastation of Iraq by the Allied forces in the Gulf war, it emerged even stronger both economically and militarily. Hence the role of Iran could be crucial in the field of security in the region in years to come. However, this is only possible if Iran emerges economically stronger by developing its manpower and other infrastructure required for its development. For this, Iran needs support from its neighbours—especially GCC countries. A positive response from these countries could bring the states in the region together in a stronger bond of unity. This kind of mutual understanding is the basic requirement for bringing about stability and security in this region.

Islamic Revolution and Economic Development

The revolution of 1979 was a milestone in the recent history of Iran. This revolution was expected to bring a far-reaching changes in the economic, social and cultural life of the people of the Islamic Republic of Iran. But this did not happen immediately mainly because of the war imposed on it by Iraq, which continued for eight years (1980-1988). With the end of Iran- Iraq war in 1988, the Islamic Republic entered the second decade of revolution, the country now had a chance to give attention to the development of the nation. To begin with, Iran sought to concentrate on medium-term development programmes so as to balance the short-term needs of the population against the nation's long term interests. This was done in order to reconstruct the war-ravaged areas and a general improvement in the quality of life of the people. It was against this backdrop that the planners developed the first five year plan (1989-93) for economic, social and cultural development of Iran. Iranian statesmen envisioned the plan as the inauguration of a new era for the prosperity and growth of the Islamic Republic of Iran.

The first plan was essentially conceived to create structural improvement in the nation's economic condition. It aimed at reversing the shortcomings of economic trends and achieving balanced growth in various sectors. The planners hoped to realise their goals through a combination of oil revenues, foreign aid, mobilisation of domestic economic resources, removal of structural obstacles and the support of the private sector. In addition to the main goal of accelerating economic growth, the first plan also pursued other important objectives such as diversifying the economy, expanding infrastructure, developing the industrial, mining, petroleum, natural gas, electricity and telecommunication sectors, supporting higher education, improving medical care, pursuing an equitable distribution of resources, etc. The first plan ended in 1993 but did not mark the beginning of the second one. Policy makers devoted the year 1994 to the task of evaluating the first plan, understanding its full ramifications and considering their alternatives for future. The second plan, therefore, covered the five-year period from 1995-1999, which is not much different from the first in essence. Thus we see that despite all short-comings, Iranian economy witnessed growth and investment.

Population, Economic Growth and Investment

The total population of Iran has increased from 39.2 million in 1980 to 63 million in 1999. This means Iran has about 24 million additional people since the time of the revolution. It is now projected that the population will be reaching the figure of 109.5 million by 2015. This rise is going to be there despite the fact that the annual population growth rate in Iran has come down to 2.4 %. This downward trend is also expected to continue and expected to reach the target of 2.3 percent by the year 2011.

Table 1
Average Annual Growth of the Iranian Economy during 1980-2000

Sectors of Economy	1980-90	1990-99
GDP	1.7	3.4
Industry	4.5	3.7
Services	-1.0	5.8

Source: World Bank, World Development Indicators, 2001

It was found that the first decade of revolution had a negative growth rate when measured in constant prices. In 1974 prices, Gross Domestic Product (GDP) in 1977 was IR 3922 billion, while in 1988 it had fallen to 3, 142 billion and because the population growth rate was high in this period, per capita income in real terms fell by almost 50 percent. But this trend was reversed by the implementation of the first plan. The GDP rose by an average rate of 7.2 percent per year in constant prices, slightly below the largest rate of 8.1 percent. The per capita income also increased

in this period due to the decline in the population growth rate. As we know that an important indicator in assessing the plan is the ratio of investment to GDP, the plan had envisaged an average annual growth rate of 19.7 percent for this indicator, but its actual rate in the first four years of the Plan was 10.6 percent- only 54 percent of the expected rate. Thus only a small portion of the GDP was invested in the economy.

GDP also showed positive growth sector-wise. The petroleum sector grew at 8.7 percent compared to the projected rate of 9.5 percent. The agriculture also experienced positive growth although growth was not evenly distributed among its sub-sectors. But the plan failed in the industrial and mining sectors, which were singled out for special performance. Construction was another ill-fated sector, which failed to achieve even half of its projected growth rate of 14.5 percent. But overall GDP grew from 1.7 per annum in 1980s to 3.4 per annum in 1990s as shown in the table 1. We observe that services rose from -1.0 per cent per annum in 1980s to 5.8 percent per annum in 1990s. However it is noted that industry declined from 4.5 per annum in 1980s to 3.7 per annum in 1990s. In terms of inflation, unemployment and poverty, it was found that the plan intended to reduce inflation from an annual rate of 28.5 percent in 1980 to 8.9 percent in 1993.

The plan received a mixed review regarding employment. In its initial years, it exceeded its own projection on job creations, which was set at 3,94,000 new jobs a year. But during the final years, it fell short of its goals. Now we can conclude that overall the plan succeeded in decreasing unemployment rate from 15.9 percent in 1988 to 11.4 percent in 1992, when the target was to lower it to 13.4 percent. Let us now discuss human resource development, which is one of the important indicators of national development.

Human Resource Development

Human resource development as manpower development is the process of increasing the knowledge, the skills and the capacities of the labour-force that increases its productivity. The term manpower or human resource refers to an entire population of country. It not only consist of merely qualified manpower but also unskilled or semi-skilled labour force. The development of manpower implies the development of both the physical as well as the mental aspects of productive capacities of labour force. Manpower resource (Human capital) is crucial for modern industrial development. It is found that the performance of Iran in terms of health and education has been encouraging. There has been significant improvement in health care during the last two decades. The life expectancy at birth has gone up in Iran from 52 years in 1979 to 65 years in 1991. Similarly, infant mortality rate has gone down considerably from 160 per thousand live births in 1960 to 100 in 1981 and 68 in 1991.

Table: 2
Educational Level in Select West Asian Countries.

Country	Percentage of Relevant Age Group Enrolled in Education					
	Primary 1980-1997		Secondary 1980-1997		Tertiary 1980-1997	
Iran	87	98	42	77	-	18
Saudi Arabia	61	76	30	61	7	16
Turkey	96	107	35	58	5	21
Egypt	73	101	51	78	16	20
Israel	95	98	73	88	29	41

Source: The World Bank, World Development Indicators, 2001, P. 86

Table. 3
Adult and Youth Literacy Rates in Select West Asian Countries

Country	Adult Literacy Rate				Youth Literacy Rate			
	Male %age 15 & above 1980-99		Female %age 15 & above 1980-99		Male %age 15-24 1980-99		Female %age 15-24 1980-99	
Iran	73	83	55	69	92	96	82	91
Saudi Arabia	78	83	51	66	91	95	79	90
Turkey	89	93	67	76	97	99	88	94
Egypt	60	66	34	43	71	76	51	62
Israel	97	98	81	94	99	100	98	100

Source: The world Bank, World Development Indicators 2001, P. 86

Education is key to human resource development. During the past two decades, there has been substantial expansion of education in the Islamic Republic of Iran. It was also found that government gave top priority to pre-primary, primary and secondary level education. The country spent 62.9 percent of its total budget on primary and secondary education whereas higher education was given 22.9 percent in 1994-97. The adult literacy rate has gone up to 74.6, youth literacy rate to 93.2 percent and the children reading grade 5 up to 90 percent. We further find that male adult literacy rate was 81.7 percent whereas the female literacy rate was 67.4 in 1998 (HRD 2000). The enrolment ratio combining primary, secondary and tertiary rector was found to be 69 percent in 1998. We further notice that age group enrolment ratio at primary and secondary levels have gone up to 90 percent and 81.2 percent respectively in 1997. The students who enrolled themselves in science stream were 36 percent out the total enrolment in higher education in 1995-97. Some data are given in the tables 2 and 3. We can also make the comparison between

Iran and other neighbouring countries in the fields of educational achievement as shown in tables 2 & 3.

Thus we can say that education sector is not neglected because it was found that 17.8 percent were invested in education out of the total government expenditure in 1995-97 which came around 4% of GNP of the country (Human Development Report 2000).

Labour Force Participation

The total labour force in Iran was estimated to be about 21.5 million in 1997 (World Employment Report, 1998-99). The sector wise distribution of labour force is shown in the table 4.

Table. 4

Percentage Distribution of Labour force Participation Rate in Iran by Sector

Sector	1980	1997
Agriculture	39.1	28.2
Industry	26.1	24.0
Service	34.8	47.2

Source: World Employment Report 1998-99, P.222

Table: 5

Percentage distribution of labour force participation rate by gender

Gender	1980	1997
Male	47.0	44.2
Female	12.4	15.6
Total	30.0	30.1

Source: World Employment Report 1998-99, P. 218

It is found that labour force participation rate was 30 percent in 1980 which slightly rose to 30.1 percent in 1997. This clearly shows that there is negligible increase in terms of labour participation during this period. The data in Table 5 indicate that female labour participation, rate increased from 12.4 percent in 1980 to 15.6 percent in 1997 while male participation rate declined from 47 percent on 1980 to 44.2 percent in 1997. We also observe that sector-wise distribution of labour force as shown in the Table 4 indicates that the rate of participation declined in agricultural and industrial sector, while in the service sector it increased.

Women Empowerment

Empowerment of women is a crucial issue that is a matter of concern felt all over the world. This concept has roots in the women's movement throughout the world and particularly in the third world countries. The term empowerment has the most conspicuous feature containing the word 'power', which means control over material assets, intellectual resources and ideology. The process of challenging existing power relations and of gaining greater control over the sources of power may be termed as empowerment. It is also defined as an active multidimensional ingredient, which enables women to realise their full identity and powers in all spheres of life. Moreover it can also be said that empowerment is a process of awareness and capacity-building leading to greater participation in greater decision-making.

In post-revolutionary Iran, participation of women in many kinds of activities has increased over the years. The constitution of Iran gives full right to women for acquiring education so that they could be educated and opt for careers of their choice. It is also emphasised that Islam never prohibits women from learning and acquiring knowledge. It is in fact made obligatory on their parts to acquire education. In Iran, women are doing very well in the teaching profession especially at primary level because they influence the young mind in a better way. So they are advised to take up teaching job on a very large-scale. The women participation in legal-profession and judiciary has also gone up primarily due to the reformist pressure. Women lawyers refuse to accept the ban on legal practices and continue their practices in the name of male family members and look up for job as legal advisors in companies. Moreover, for the protection of rights of women, about 200 legal advisors have been appointed by the Ministry of Justice. It is not surprising if the women would be appointed judges in the Iranian courts in the near future.

Women participation in the service sector has also increased in the post revolutionary period. This is mainly due to the segregation of some facilities for women. There were 85.5 percent of the employed women in education and health in 1979, which rose to 90.6 percent in 1996. According to 1986 census, 28 percent of the government employees were female which rose to 30 percent in 1991. The labour contribution of rural and tribal women is more than men in these areas and this trend has remained unaffected even after the revolution.

Despite all this, we find that the status of women in Iran is not satisfactory. they are still lagging behind in many spheres of life. It is now required that the women should be taken care of because there cannot be sustainable development and progress in any country without development of women. Taking this up with a sense of urgency, the government has established some institutions to improve the economic and social conditions of women. The social and cultural Council of women in 1988 and the Office of Women's Affairs 1992 were established to detect problems and shortcomings and to propose solutions to improve the status of the women in economic, social cultural and political roles. The special Commission for women Affairs was created to reform laws to protect the women's rights. The Divorce Act was passed in 1989 to curb men's unchecked

divorce right. Another law passed in 1999 extends women's right to request divorce on the valid grounds.

In conclusion it can be said that there is a positive change in the status of women in Iran. But this issue needs more attention for the overall development of Iran in the every field to catch up with pace of development which is taking place in many other parts of the world.

Iran's Economy and Regional Stability

Iran is an important country in West Asia. To ensure Gulf security and stability in this region, this country cannot be isolated and it is true that unless stability is ensured in the Gulf region, the Iranian economy cannot experience substantial growth for any significant length of time. This is so because Iran depends heavily on the Gulf to exports its oil, the source of 90% of its foreign earnings. The Gulf is also the main transport route for Iran's trade with the World and neighbouring states. Iran, therefore, has vital interest in Gulf security. It is now important to note that if its Arab neighbours are also interested in seeking regional stability, they should foster economic well being in Iran because otherwise an economically poor and unstable Iran may cause instability in the Gulf which would be harmful for the entire region.

Thus it is the need of the time that there must be policy reforms in the region so as to meet the new challenges on account of globalisation of economy and international co-operation is also required particularly from the Arab nations to come together and help Iran in building up its economy. The major producers in OPEC must concentrate on mutual gain through co-operation and co-ordination. The arms race in the Gulf is spelling disaster on all the regional economies. Thus incorporating Iran in the GCC's security arrangements can go a long way in curbing the spiralling arms race. Finally to encourage stability in the Gulf, regional and international trade with and investment in Iran must increase. The liberal economic policies of the Republic of Iran should be considered as the window of opportunity in this regard.

As far as the case of Iran's policy towards neighbouring countries is concerned, it is quite clear that Iran has always shown keen interest to strengthen its economic and socio cultural relations with Arab World. Iran advocates Islamic unity, which is important to bring stability in this region and security for the entire Muslim World. Its policy towards Palestinian cause is also understandable. Iran always wants that Palestinians problems must be resolved in order to bring peace and stability in this region.

To conclude, all types of co-operation between these Gulf countries and Iran is crucial for all round development which can, in fact bring peace, security and stability in this region. Economic co-operation which is one of the important areas should be taken a care of seriously because it

provides basic infrastructure for development. It is good to see Iran and Saudi Arabia coming together and emphasising on their shared interests. Such cooperation amongst Iran and rest of the countries in the Arab world will ensure the region its rightful place in the strategic map of the world.

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