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Yaser Bagheri

## **Social policy dynamics in Iran**

**A critical study of the post-1979  
revolutionary era**

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# Social policy dynamics in Iran

A critical study of the post-1979 revolutionary era

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# ABSTRACT

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This research examines the dynamics of social policies in Iran over the 45 years following the 1979 revolution. During this period, welfare policies have fluctuated significantly and been subject to various contradictory analyses. Researchers often present conflicting views by focusing on specific aspects. The study critiques the unified approach to understanding the post-revolutionary period, emphasizing the need to consider the complex interplay of various factors. By reviewing changes related to economic indicators, socio-political factors, and dominant ideologies, seven distinct phases were identified:

1. Mustazafin Matters, Revolution, and War (1979-1988)
2. The Neoliberal Shift (1989-1996)
3. The Social Security System (1997-2004)
4. Welfare Expansion based on Oil Revenues (2005-2008)
5. Cash Transfer under Intensified Sanctions (2009-2012)
6. Unstable Recovery and Hope (2013-2016)
7. Despair and Drastic Adjustments (2017-2024)

Each phase exhibits unique policy characteristics, providing a comprehensive understanding of social policy changes. This approach enables comparative analysis, revealing that social security has been the most dynamic policy area, while housing policies have remained relatively passive.

The research highlights the instability of the post-revolutionary period, marked by fluctuating government revenues, external conflicts, and varying international relations. The methodology employs qualitative analysis, supplemented by secondary data and expert interviews, to ensure robustness and validity. The findings indicate that multiple internal and external events and significant fluctuations in Iran's conditions preclude a single-theory explanation for the post-revolutionary period. Social policy changes in Iran result from these diverse and dynamic contextual factors rather than a specific collective will or the agenda of any particular political party or social movement.

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## ZUSAMMENFASSUNG

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Die vorliegende Untersuchung befasst sich mit der Dynamik der Sozialpolitik im Iran in den 45 Jahren seit der Revolution von 1979. In diesem Zeitraum unterlag die Sozialpolitik erheblichen Schwankungen und war Gegenstand verschiedener widersprüchlicher Analysen. Forscher präsentieren oft gegensätzliche Ansichten, indem sie sich auf bestimmte Aspekte konzentrieren. Die vorliegende Studie kritisiert den einheitlichen Ansatz zum Verständnis der Zeit nach der Revolution und betont die Notwendigkeit, das komplexe Zusammenspiel verschiedener Faktoren zu berücksichtigen. Durch die Untersuchung von Veränderungen im Zusammenhang mit wirtschaftlichen Indikatoren, sozio-politischen Faktoren und vorherrschenden Ideologien wurden sieben verschiedene Phasen ermittelt:

1. Mustazafin, Revolution und Krieg (1979-1988)
2. Die neoliberale Wende (1989-1996)
3. Das System der sozialen Sicherheit (1997-2004)
4. Ausbau der Wohlfahrt auf der Grundlage von Öleinnahmen (2005-2008)
5. Cash transfer unter verschärften Sanktionen (2009-2012)
6. Instabiler Aufschwung und Hoffnung (2013-2016)
7. Verzweiflung und drastische Anpassungen (2017-2024)

Jede Phase weist einzigartige politische Merkmale auf, die ein umfassendes Verständnis der sozialpolitischen Veränderungen ermöglichen. Dieser Ansatz ermöglicht eine vergleichende Analyse und zeigt, dass die soziale Sicherheit der dynamischste Politikbereich war, während die Wohnungspolitik relativ passiv geblieben ist.

Die Untersuchung verdeutlicht die Instabilität der Zeit nach der Revolution, die durch schwankende Staatseinnahmen, externe Konflikte und unterschiedliche internationale Beziehungen gekennzeichnet ist. Die Methodik beruht auf einer qualitativen Analyse, die durch Sekundärdaten und Experteninterviews ergänzt wird, um Robustheit und Validität zu gewährleisten. Die Ergebnisse zeigen, dass eine Vielzahl interner und externer Ereignisse und erhebliche Schwankungen in den iranischen Verhältnissen eine Erklärung der postrevolutionären Periode mit einer einzigen Theorie unmöglich machen. Sozialpolitische Veränderungen im Iran resultieren eher aus diesen vielfältigen und dynamischen Kontextfaktoren als aus einem bestimmten kollektiven Willen oder der Agenda einer bestimmten politischen Partei oder sozialen Bewegung.



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## 1. INTRODUCTION

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In the late 1970s, as the welfare state was declining in Europe, particularly in Britain, Iran experienced a revolution that reinforced welfare demands within the country. Some researchers describe it as a social revolution (Harris, 2017), emphasizing the prominent role of the lower classes. In the first year after the revolution, the minimum wage in Iran saw an increase of approximately 170%. However, the new regime soon faced numerous challenges, including an eight-year war and severe sanctions that drastically reduced oil exports for the oil-dependent country. Additionally, a decade after the revolution, neoliberal ideology became dominant, leading to widespread privatization and a reevaluation of the previous welfare approach. Nonetheless, this trajectory was not entirely unidirectional, as there were periods of strengthening certain social services, such as social insurance.

Thus, welfare policies over a 45-year period have experienced significant fluctuations and have been subjected to various contradictory analyses. These analyses can be categorized into two broad groups: First, research that has focused on identifying the political system or welfare regime, attempting to explain policies and actions accordingly. In this regard, concepts such as clientelistic and populist regimes (Alamdari, 2005), rentier state (Shambayati, 1994; Cheung, 2016), an inadequate informal security regime (Wood & Gough, 2006), or a welfare system plagued by chronic underdevelopment (Tajmazinani, 2011) have been proposed. Second, studies that have exclusively focused on specific segments, institutions, or periods of social welfare in the post-revolution era (Bayat, 2005; Akbari, 2016; Zahedi, 2016; Saeidi, 2004).

The major problem with research on this subject is the attempt to explain the entire pre- or post-revolutionary period using a single theory. Messkoub (2006) categorizes the entire post-revolution period alongside one of the pre-revolution prime ministerial periods. Mahdavy (1970) applies the concept of the rentier state to a broader span of modern Iranian history. Harris (2017), surprised by the 2009 civil protests and middle-class movements in

Iran, dismisses any attribution of clientelism to the post-revolutionary period based on that historical moment. Harris argues that the Islamic Republic inherited Pahlavi's welfare organizations but also established new welfare institutions that included previously marginalized individuals.

Given the above points, it appears necessary to avoid a unified portrayal to understand the dynamics of post-revolution social policies. Therefore, this research aims to periodize the studied timeframe using multiple dimensions and discuss welfare policies in relation to these periods' factors. These dimensions include economic conditions (with a particular focus on oil revenues), the dominance of welfare ideologies, and the socio-political context. The significance of this categorization lies not only in the aspects mentioned above but also in its ability to define periods with minimal internal variation and considerable inter-period differences. While the conventional periodization in Iran tends to focus solely on the change of presidents and their rhetoric (as in Zahedi, 2016), this research focuses on shifts in key factors of policy, politics, and the economy. Thus, a single presidency, such as that of Mahmoud Ahmadinejad or Rouhani, is sometimes divided into two distinct periods, while Ebrahim Raisi's presidency is treated as a continuation of Hassan Rouhani's second term. The importance of this approach lies in avoiding an exclusive focus on political shifts, while still recognizing significant political events and changes within a single presidency.

To achieve the research objective, it is essential to consider the complexities governing the policy-making arena in Iran. Politically, conventional political parties as seen in other countries do not exist in Iran. Therefore, shifts in the political power of parties cannot explain changes in social policies (Razavi, 2010). Economically, Iran's dependence on oil revenues has made external factors significantly influential on these revenues and, consequently, on the government's policy orientations. These factors include Iraq's invasion of Iran and the resulting eight-year war with its devastation, fluctuating relations with the West, and varying intensities of unilateral (from the United States) and multilateral (from Europe and the UN Security Council) sanctions, particularly oil sanctions.

This study draws on two theoretical frameworks to better understand the socio-political context of Iran and the dynamics of post-revolutionary social policies: the rentier state theory and social movements theory.

The application of the rentier state theory to Iran owes much to Mahdavy (1970), who first introduced it in relation to the modern Iranian state, paving the way for a new analytical framework. Since the 1970s, debates on the predominantly negative consequences of the rentier state have remained central to Iranian intellectual discourse. This topic is not limited to journalistic discussions, as key scholars such as Karshenas (1990) and Najmabadi (1987) have also engaged with the challenges posed by the rentier state in various ways. In most of these studies, the rentier nature of the state is considered a major obstacle to achieving democracy and development. According to these scholars, oil in Iran, rather than being a source of welfare or development, has fueled authoritarianism.

In analyzing Iran's welfare state, the role of social movements has been largely overlooked. Poulson (2005) conducted a historical study on the impacts of social movements, tracing their development from 1890 to the present. Khosrokhavar (2002) focused on the post-revolution period, but only examined movements in the early years of the revolution. Neither study explored the impact of social movements on social welfare. Karshenas and Moghadam (2006) and Meskoub (2006) briefly touched on the subject, but only in passing. Harris (2017) gave more attention to this issue, with his research heavily influenced by the 2009 middle-class protests. However, the significant wave of protests that emerged after 2018, following the publication of Harris' work, has not been adequately discussed in relation to the impact of social movements on social welfare.

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## 2. METHODOLOGY

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The methodology of this research is based on qualitative analysis. While some data (statistics and quantitative data) have been used, the ulti-

mate analysis is qualitative. By comparing different sources of data, some findings are presented. Thus, the research does not attempt to test or establish the existence of a causal relationship between different factors but rather limits its scope to qualitative arguments.

Some of the data used in this study were sourced from national surveys and official statistical data, while some others are the result of extensive and earlier studies, which have been updated and supplemented with new figures and data. In addition to primary and secondary data, interviews were conducted with 11 experts, all holding PhDs in fields such as economics, sociology, or public health. Among them, two are university professors specializing in social policy, while the rest are former managers of various departments within the Ministry of Cooperatives, Labor, and Social Welfare, pension funds, or welfare think tanks. The interviews focused on a limited set of questions, and only key insights (not the entire conversation) were extracted. Most of these interviews served as consultations with experts in order to select crucial events in each area of social policies and to ensure the validity, reliability, and overall robustness of the research. And only in a few cases have these insights been explicitly incorporated into the text, with references provided accordingly. Additionally, after the peer review of this study, some of the research gaps were addressed through a few new interviews, which have also been referenced in the text.

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## 3. FINDINGS

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Through a review of changes related to economic indicators, socio-political factors, and dominant ideologies across various periods, seven relatively coherent phases were ultimately identified. Subsequently, an effort has been made to explain the socio-political context of each period and to elucidate the major dynamics of social policy within each respective period.

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## First period: Mustazafin matters, revolution, and war (1979-1988)

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The mustazafin (a religious term equivalent to the underprivileged) were regarded as the main proprietors of the 1979 revolution, and many services during this specific period were directed towards these individuals. At the onset of the revolution, the scattered welfare institutions from the Pahlavi era were consolidated to form a single organization called the "Wellbeing Organization" (*Sazeman-e Behzisti*), tasked with providing welfare services to all needy groups. However, gradually, new welfare institutions were established to cater to the needs of the mustazafin and address the deficiencies of the administrative system at that time. These new welfare institutions operated independently of the government and were overseen by Ayatollah Khomeini. Therefore, during this period, many para-governmental welfare institutions were established, including the Relief Committee (*Komite-ye Emdad*), the Mustazafan Foundation, the Execution of Imam Khomeini's Order (*Seta'd-e Ijray-e Farman-e Imam*), the Fifteenth of Khordad Foundation, the Housing Foundation of Islamic Revolution, and the Construction Jihad (Bagheri, 2020).

The widespread confiscation of properties belonging to individuals associated with the Pahlavi regime provided these welfare institutions with significant resources, driving developmental and welfare policies in the country's deprived areas. In addition to newly established support organizations, pre-revolutionary professional welfare organizations, such as various insurance organizations, continued their operations after the revolution. Alongside these, more comprehensive welfare services, such as essential goods, were distributed through coupons. Thus, during the first period, not only did previous welfare services continue, but the variety and scope of services and the groups benefiting from them increased significantly, with a substantial portion of the population covered by governmental or para-governmental welfare services (Ibid).

The first decade following the revolution was influenced by both the revolutionary atmosphere and the conditions of war. Shortly after the revolution, in 1980, Saddam Hussein ordered the invasion of Iran, swiftly occupying parts of western

Iran. Iran's efforts to reclaim these territories led to an eight-year-long war. The war simultaneously bolstered national solidarity and caused economic difficulties and devastation that lasted for years (Ahmadi Amoui, 2004).

In analyzing the significance of welfare institutions, Harris (2017) elevated the status of the Relief Committee. His analysis seems exaggerated; the Relief Committee is a para-governmental organization with a function similar to the governmental Wellbeing Organization, and both rely on government budgets. Various institutions have contributed to war relief efforts, and the Relief Committee has had no superiority over others. Three months after the war began, the Islamic Consultative Assembly passed a law to form a commission composed of the Relief Committee, the Foundation of the Oppressed, the Martyr Foundation, the Construction Jihad, and the Red Crescent to undertake coordination duties (Islamic Consultative Assembly, 1980: Session 86)

Nevertheless, during the war, the Relief Committee supported non-military aid to the families of fighters, but a more important institution, the Construction Jihad (*Jihad-e Sazandegi*), played a significant role in this support (interview with experts, July 2024).

This institution was established under the command of Ayatollah Khomeini as a platform for voluntary civic engagement. Although the government provided certain resources, the majority of decision-making and management processes were carried out by the people. Engaged in development and reconstruction activities, it had numerous volunteers and actively participated both in war zones and in underprivileged areas, aiming to rebuild and alleviate poverty in Iran's deprived regions (interview with experts, July 2024).

From a welfare ideology perspective, the first post-revolution period is the only one marked by a leftist approach at the governmental level. In the early post-revolution years, modern leftists, perceived as rivals to the Islamists, clashed with the government, resulting in the complete elimination of Marxists from the political arena (Bagheri, 2020). They were no longer allowed to run for office or hold strategic positions. Nonetheless, the dominance of the mustazafin discourse led to the rise of Islamic leftists and the premiership

of Mir-Hossein Mousavi. Faced with limited revenues and war-induced pressures, the government resorted to rationing and widespread public volunteer participation to provide social services, prioritizing rural and deprived areas, which constituted the majority of the population at that time. Towards the end of this period, leftist influence waned, and in the subsequent period, leftists were largely excluded from decision-making arenas, with only a limited group of moderate leftists later re-assuming control of the welfare sector in the third period, initiating significant social security expansion (Bagheri, 2020).

However, during the first period, despite the leftist government, welfare policies were not entirely and exclusively in favor of workers and the poor. For instance, although the minimum wage saw an approximately 170% increase in 1979, such growth was not repeated in subsequent years, and in the following three years, despite inflation, there was no increase in the minimum wage. To extend insurance coverage, certain employers were exempted from paying employer insurance contributions for small businesses with fewer than five employees in 1983 (IPRC, 2017; Tajmazinani & Bagheri, 2021). Originally enacted to shield vital companies during the challenging wartime conditions, this legislation persists beyond the war era (IPRC, 2017).

Numerous laws were also enacted to support the workforce, such as voluntary insurance (1986) and the formal recognition of unemployment insurance (1987), with the most significant being the drafting of the labor law. After a decade of contention over the labor law, it was officially ratified in 1990. This law sparked controversies within the government, even resulting in the resignation of the right-wing minister in Mousavi's government. Additionally, it underwent prolonged parliamentary debates, culminating in a noteworthy conflict between the parliament and the Guardian Council. To resolve this deadlock, a mediating body called the Expediency Discernment Council of the System was established, marking its first intervention in the dispute over the labor law (interview with experts, November 2023).

In certain areas, the leftist approach became more prominent. In health, the establishment of

rural health service networks and the emphasis on primary health care, which fostered close and friendly interactions between health workers and rural residents, gradually led to a significant reduction in child and maternal mortality rates, increased life expectancy, and control of communicable diseases and vaccine-preventable diseases. In housing, the urban land policy (1982) curbed speculation in the housing market and kept this sector under strict government control (IPRC, 2023a). In education, during this period, the government managed schools, ensuring that all students, regardless of their financial capabilities, attended the same schools, with gender segregation being the only separation. Towards the end of this period, private schools were permitted to operate (IPRC, 2016).

In summary, during this period, the economy was severely impacted by the war, resulting in poor economic conditions (Annual Economic Growth: -2.6%, Annual Inflation: 5.7%). However, national solidarity was extremely high, and the Islamic left, which held political power, established a broad welfare state supporting the disadvantaged.

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## Period 2: The neoliberal shift (1989-1996)

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From the perspective of social policy changes, the distinction between the first and second periods is highly significant. Most interviewees emphasized this distinction when discussing social policy transformations (interview with experts, November 2023). The importance of this period lies in the dominance of modern right-wing forces in policymaking and the shift in social policies, marking a point of no return for the political economy, as the power dynamics established after 1989 have persisted to the present day.

As previously mentioned, during the first period, modern leftists were removed from the formal policymaking arena, while Islamic leftists controlled the government. Concurrent with the global strengthening of neoliberalism and its promotion by international organizations in the 1980s, the Iranian parliament and some government institutions began to shift towards right-wing policies

(Bagheri, 2020). During these years, economic pressures from the war and difficulties in selling oil due to Iran's strained relations with the West caused a significant budget deficit. According to evidence from letters by military commanders at the time, even the necessary resources to continue the war were not available (Tabnak News Agency, 2023). Thus, the government sought ways to improve relations with the West and possibly obtain loans from international institutions.

In addition to the need to cooperate with international institutions for the above reasons, reports from government agencies indicating financial deficits and their shift towards economic right-wing policies, alongside the promotion of neoliberal ideas by international institutions, gradually strengthened this approach in parliament. The left-wing government came under pressure, and ultimately, in 1989, Akbar Hashemi Rafsanjani, the Speaker of the Parliament became the President. With the help of some parliament members, he formed a new cabinet that openly declared its adherence to liberal democracy. Their first step was to revise the five-year development plan, calling it the "Adjustment Program", a clear imitation of the Structural Adjustment Program (SAP) of the World Bank (Bagheri, 2020; United Nations Economic and Social Commission for Western Asia, 2023). Although the Iranian government failed to secure loans from international institutions, it not only voluntarily implemented the Structural Adjustment Program (SAP), but also did so with the conviction that this approach was the country's economic salvation. Similar programs were pursued in subsequent periods with the same belief (interview with experts, November 2023).

This step was the first move towards widespread privatization that occurred in the following years. Since the Constitution of the Islamic Republic of Iran was based on a state welfare system, such a significant change faced major obstacles. Therefore, an article of the Constitution that allowed for the emergence of a private sector alongside the public and cooperative sectors was emphasized and interpreted in a way that enabled privatization (interview with experts, November 2023).

During this period, social policies across various sectors underwent substantial changes: In ed-

ucation, not only was the establishment of private schools authorized, but free land and financial and legal facilities were also provided to encourage their establishment. In housing, not only did the urban land policies end, but government intervention in the housing market was almost completely stopped, leading to a steep rise in housing prices and rents. City densification, especially in metropolitan areas, rapidly expanded through the municipalities (interview with experts, December 2023). In the health sector, various forms of private and semi-private hospitals proliferated, but what distinguished the health sector was the simultaneous expansion of health insurance as a universal right, although it did not cover the entire population even decades later. In employment, although the labor law of the previous government was finally passed at the beginning of this period despite tensions between the parliament and the Guardian Council, a few years later, the government issued directives that allowed for deviations from some of its most important benefits through the expansion of "temporary contracts". The effects of these policies persisted into subsequent periods, with many changes never reverting to their previous state (interview with experts, November 2023).

As expected, these policies were unpopular with the public. After the implementation of the adjustment plan, political participation decreased (to 50%, an unprecedented low), and parliament, initially supportive of these policies, began to resist some of the measures over time. From 1995 onwards, the privatization process weakened (Ahmadi Amoui, 2004). The main executor of these policies, Hashemi Rafsanjani, who had previously served as either the Speaker of the Parliament or the President, came in last among Tehran's representatives in the 1999 elections, leading him to withdraw from parliamentary representation.

In summary, during this period, the modern right took power. Alongside improving international relations, they implemented a neoliberal agenda and extensive privatization. This led to relatively high economic growth (5.2%), which was accompanied by high inflation (8.4%) and a simultaneous decline in social capital and political participation.

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### Period 3: The social security system (1997-2004)

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The third period is marked by both a continuation of the trends established in the second period and a reaction against them. Public opposition to widespread privatization and the structural adjustment program, manifesting in the lack of electoral support for Hashemi Rafsanjani's re-election and political backing for Mohammad Khatami as a critic of previous policies, alongside parliamentary resistance to the negative consequences of privatization, resulted in a significant slowdown in the privatization process during this period, though it did not cease entirely. Social policy in areas such as education, housing, and health did not undergo fundamental changes. However, a significant change occurred in the social security sector. Thus, the most notable feature of welfare policy in this period was the emergence of a comprehensive social security system (Bagheri, 2021).

Some leftists who had been present in decision-making arenas during the first period focused on the social security sector during this period. The idea of a comprehensive social security system from the beginning halted the continuation of adjustment and the elimination of subsidies for essential goods and fuel until the drafting of the comprehensive social security system was completed. Additionally, extensive studies on governmental and para-governmental welfare institutions were placed on the agenda of research institutions, including the Social Security Organization Research Institute. This collection of reports laid the groundwork for drafting the Welfare and Social Security Comprehensive Structure System Act. During this period, the discourse on social policy evolved, leading to the establishment of social welfare as an academic discipline in universities. This, too, occurred within the same timeframe (Bagheri, 2020).

During this period, various laws were enacted to improve the social security system in the country. The comprehensive social security system in Iran was defined with a specific three-layer model to establish inclusive social protection. This system's emphasis was on the insurance layer and extending insurance coverage to the majority of the population. For those left out of the insurance layer, a

non-contributory assistance layer funded by the government budget was defined, and finally, an emergency relief layer based on temporary aid was defined for extraordinary situations and natural disasters (Bagheri, 2021).

The Welfare and Social Security Comprehensive Structure System Act sought to implement Article 29 of the Constitution of the Islamic Republic, which had not been implemented after two decades. In this set of laws, social insurance was tailored specifically for farmers and rural residents, covering them regardless of their employment status. Additionally, through reforms and provisions, workers in jobs with unclear or unstable employers were also covered by insurance, with the government assuming part of the employer's insurance contribution. The most innovative measure in this regard was the insurance coverage for construction workers, who, despite being among the most at-risk occupational groups, lacked insurance. To cover them, the employee's share was paid by themselves, but since their workplace and employer constantly changed, the employer's share was added to the total building permit issuance fees based on a proportion of the housing price and collected globally from builders. In the assistance sector, although efforts to organize the diverse governmental and para-governmental welfare institutions were unsuccessful, the anti-poverty document and related regulations were drafted during this period.

Economic indicators during this period were favorable. Although Iran's oil revenues were much lower than in the subsequent period, appropriate economic growth, limited inflation, and economic stability led to relative welfare across the country. The economic stability resulting from the implementation of the social security system significantly reduced poverty rates. The poverty line of \$5 per day decreased from 30 percent at the beginning of this period to approximately 10 percent by its end (Harris, 2017).

No other period in the post-revolution era saw as much strengthening of the third sector as this one. Numerous newspapers were published, many NGOs were established, and civil institutions were generally strengthened. The middle-class lifestyle's reinforcement in this period led to the rise of an opposing political movement

in the next period, which sought to gain political power and counteract this lifestyle, perceived as contrary to traditional and religious cultural values.

In other social policy areas, no significant changes occurred. In health, organizing the referral system was prioritized, although it achieved limited success. Additionally, free treatment for traffic accident victims was introduced, with annual numbers reaching several hundred thousand. No significant changes occurred in housing policies, and in education, previous policies to strengthen the private sector continued; only ideological control in education system was weaker compared to other periods, especially the subsequent ones. The workforce was supported merely through the strengthening of social insurance.

In summary, during this period, relative economic prosperity occurred under relatively high growth (4.3%) and low inflation (2.1%). The Social Democrats, who held political power, expanded peaceful international relations and benefited from high social capital and political participation. They established a welfare system based on social insurance, known as a comprehensive social security system.

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#### **Period 4: Welfare expansion based on oil revenues (2005-2008)**

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Compared to the previous period, the primary similarity of the fourth period with the third is the continuation of the comprehensive social security system idea up to the first half of this period. However, in socio-political context, this period contrasts sharply with the preceding one. During the third period, political power was in the hands of reformists, whose voter base was rooted in the middle class, focusing on civil rights and expanding social freedoms. In 2004, conservatives gained power due to the widespread disqualification of reformist parliamentary candidates and the middle class's boycott of parliamentary elections. Subsequently, in 2005, they also took control of the government. President Ahmadinejad, while continuing the social security expansion, primarily sought to improve the lower class's situation. Ahmadinejad's behavior, rhetoric, and policies did not align with

middle-class tendencies, sparking their discontent (interview with experts, July 2024).

Ahmadinejad held beliefs that closely aligned with populism, a label frequently attributed to him by various middle-class publications. He was particularly successful in garnering the support of the lower-income population, to the extent that even in 2024, years after being removed from power, surveys indicate that he still holds significant influence (interview with experts, July 2024). His approach combined elements of both left-wing and right-wing populism, promoting privatization on the one hand while supporting the lower classes on the other. However, a key factor bolstering his position during this time was the availability of substantial oil revenues.

On the global stage, Ahmadinejad maintained strong alliances with certain Latin American countries, such as Venezuela. In contrast, his relations with Western nations were poor, which contributed to a growing global consensus to impose sanctions on Iran. These sanctions were implemented gradually, with their most significant impacts becoming evident in the fifth period.

The fourth period saw Iran receive its highest oil revenues ever. In 2004, the global oil price surged, and improved relations with the West during the third period led to substantial revenues for Ahmadinejad's government (Macrotrends, 2023). He capitalized on this opportunity, launching costly, large-scale welfare projects, the most notable being the Mehr Housing Project, initiated in 2007. Like the housing policies from the second period onward, the Mehr Housing Project did not aim to control the housing market but sought to improve housing ownership for low-income families by increasing the supply of affordable housing with financial assistance. This project significantly boosted housing construction over several years. According to the author's calculations, the total housing units built between 2006 and 2011 nearly equaled 40% of the units constructed from the pre-revolutionary period (1978) to 2005 (Statistical Center of Iran, 2021). This trend declined after 2012 with reduced oil revenues, and subsequent years focused on completing these projects, which took years, with some initiated during the Mehr Housing Project's approval still being completed

nearly a decade later due to limited budget allocations.

Even the extension of social pensions during this period leaned towards what are known in Iran as subsidized insurance, where the government covers the employer's share of insurance premiums for low-level self-employed jobs. Initially, this insurance covered many individuals, but in later years, the Social Security Organization restricted eligibility to curb the number of beneficiaries and even removed many through inspections due to lack of entitlement. Nonetheless, various groups, including carpet weavers, drivers, and construction workers, were covered by insurance (Bagheri, 2020).

In contrast to the significant changes in housing policies and adjustments in labor support, education and health policies during this period did not undergo any major transformations.

In summary, during this period, with the increase in oil revenues, economic growth (4.2%) maintained its previous level, but inflation rose (4.8%). A group of conservatives took political power and combined the previous welfare system with support for the underprivileged. In this period, tensions in international relations intensified, and international sanctions were introduced.

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## Period 5: Cash transfer under intensified sanctions (2009-2012)

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This period witnessed a sequential decline in various forms of capital. Social capital eroded following the 2009 election protests and the resulting deep divide between the people. Internal conflicts escalated, and external tensions, which had increased significantly since 2006 with the involvement of the United Nations, were further exacerbated. By 2010, international sanctions reached their highest level of effectiveness since the revolution, culminating in 2012 with the most severe sanctions to date. As a result, economic capital also saw a substantial decline. In addition to the impact of sanctions, the end of the oil boom (2004-2008) led to a simultaneous drop in oil prices and Iran's export capacity, plunging the country into economic difficulties (Macrotrends, 2023). The average economic growth during this

period fell to 1.4%, the second-worst among the seven periods analyzed in this study, following only the first period.

In this economic context, the government's commitment to cash transfers and previous housing obligations severely constrained its fiscal flexibility, leaving little room for policy innovation. Most of the policies were thus aimed at controlling government spending. The following sections provide a detailed examination of these issues.

Despite the continuation of the comprehensive social security approach in the fourth period, Ahmadinejad's welfare policies underwent fundamental changes after 2009. He prioritized cash transfers and abandoned the comprehensive social security idea. Subsequently, no new initiatives for social insurance extension were introduced, and the Ministry of Welfare, the main body for implementing the Welfare and Social Security Comprehensive Structure System Act, was merged with two other ministries. Instead, Ahmadinejad established the Targeting of Subsidies Organization, aimed at identifying eligible social transfer recipients. However, this screening was not very successful. In 2010, Ahmadinejad increased the rationed fuel price fourfold, from 100 tomans per liter to 400 tomans, and the free-market gasoline price to 700 tomans, distributing most of the revenue as cash transfers. During this period, self-declaration became the basis for transfer eligibility instead of means testing, resulting in nearly all households, including the top decile, receiving fuel subsidies. Thus, 2009 can be seen as the end of the comprehensive social security system and the beginning of cash transfer policies (interview with experts, July 2024).

It appears that Ahmadinejad implemented cash transfers alongside fuel price increases with multiple objectives in mind, particularly to address energy imbalances and to bolster his legitimacy, which had been weakened in the 2009 elections. Since the 1979 revolution, the issue of subsidy reforms had been discussed in various forms, but it was under Ahmadinejad's administration that the focus on 'cash transfers' in exchange for fuel price hikes was actually executed (Bagheri, 2020). Despite the substantial allocation of resources for these cash transfers, in the early years, the cost of this initiative



outweighed the revenue generated from the fuel price increases. Moreover, despite legal provisions, there were no funds left to support production sectors. However, initial public support for this measure and the long-term benefit for the government—due to the erosion of the real value of cash transfers by inflation—led to the institutionalization and repetition of this approach in subsequent periods (interview with experts, July 2024).

Politically, this period was also significant. The middle class, highly dissatisfied with Ahmadinejad and his domestic and foreign policies, saw the 2009 presidential election as an opportunity to end his government. However, the lower class also participated in the election to support Ahmadinejad, leading to one of Iran's highest voter turnouts. According to official statistics, Ahmadinejad won this election, but the result was not accepted by his opponents, leading to widespread protests, especially in major cities like Tehran. One notable peaceful and non-violent protest, unprecedented since the revolution, reportedly drew around 3 million participants. These protests continued in smaller forms for months, but the Ahmadinejad remained in power (interview with experts, July 2024).

Post-election, he faced not only media attacks from the middle class but also significant international challenges. Although somewhat popular among some countries in Africa and South America, he had a tense relationship with Western countries and international organizations, leading to severe sanctions. Consequently, the second half of this period was dominated by international sanctions and a decline in oil prices, shaping the country's economic conditions (interview with experts, July 2024).

Following the revolution, Iran faced multiple sanctions from the United States, the European Union, and the United Nations. Given that Iran's primary exports are oil and natural resources, the country's oil revenues have been substantially affected by sanctions. However, not all sanctions had similar outcomes; the most severe sanctions have occurred since 2006, with the greatest impact, according to the calculations of Laudati and Hashem Pesaran (2023), occurring in 2012, which persisted with less intensity until 2014.

Another significant aspect of the second half of this period was the intensification of privatization and the sale of state assets (see Figure 1, p. 10). According to some researchers, numerous companies were privatized during this period, often amid allegations of corruption (interview with experts, November 2023).

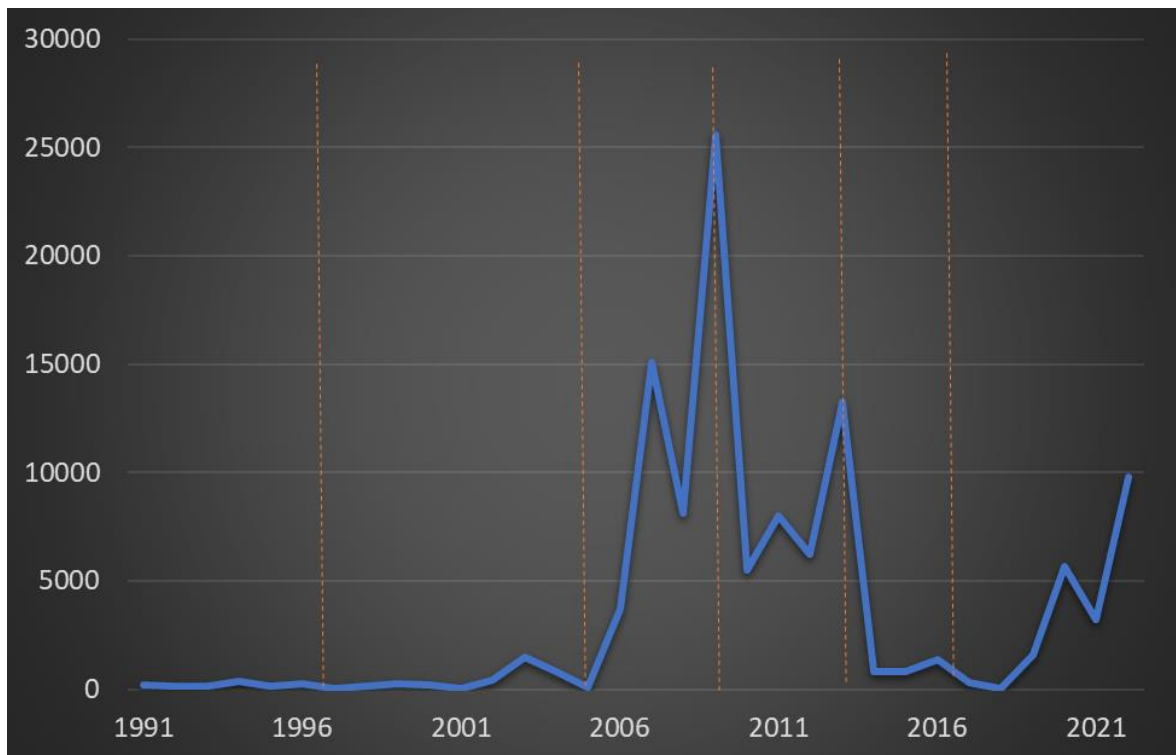
According to some experts, the primary reasons for the increase in privatization of state-owned companies during the fourth and fifth periods were the implementation of the "Justice Shares" scheme, through which shares were distributed to low-income deciles, and the need to secure financial resources for the government's extensive obligations at the time (interview with experts, July 2024).

In health policy, several unsuccessful attempts were made to reform the referral system and strengthen general physician, which failed (interview with experts, October 2023). Conversely, inefficiencies in government and insurance interventions in this area led to a significant increase in out-of-pocket (OOP) expenses, exceeding 50% (IPRC, 2024).

In education, the trends initiated in the second period continued, with a decline in the quality of public schools and increased diversification of schools and educational services. During this period, Board of Trustees schools (2009) and schools affiliated with public institutions (2009) were established, with the primary aim being to reduce the government's share in financing schools (interview with experts, July 2024). A report by the Iranian Parliament Research Center also cited "fundraising from the public" and "financial assistance from organizations" as key strengths of these two types of schools, respectively (IPRC, 2016).

In summary, during this period, as sanctions intensified and economic difficulties worsened (Annual Economic Growth: 1.4%, Annual Inflation: 7.5%), the conservatives in power turned to cash transfers. The confrontation between the middle class and the ruling group intensified, leading to deep social fragmentation.

Figure 1. Privatization (million-current \$)



Source: Author's calculations based on various statistics from the Privatization Organization.

## Period 6: Unstable recovery and hope (2013-2016)

It is challenging to consider this period as an independent phase; it aligns more with the transitional phases before and after it. Despite its brevity, this period encompasses unique elements that cannot be reduced to the preceding or succeeding periods. Essentially, it marked a partial power shift back to the middle class, beginning with significant hope but failing to sustain that optimism. The government sought to rebuild relations with Western countries, break the severe sanctions through negotiations, and ultimately improve economic and social conditions. Therefore, this period saw a rise and fall of hopes (interview with experts, November 2023).

The government's focus on restoring relations with Western countries initially succeeded, culminating in the Joint Comprehensive Plan of Action (JCPOA), a nuclear agreement between Iran and six Western countries. This agreement aimed to reduce Iran's nuclear activities (despite Iran's in-

sistence on their peaceful nature) and increase international monitoring in exchange for lifting many sanctions. This partially improved Iran's situation, but hopes were dashed with Trump's election in 2016 and his subsequent dismantling of the agreement (interview with experts, November 2023).

Socially and politically, the country experienced relative calm, with most years spent hoping for improved conditions. However, these hopes faded with the realization of Trump's promises to withdraw from the JCPOA in 2016, leading to economic downturns. Although President Rouhani won the 2017 election, it was a fragile victory, and the process of disillusionment continued, eventually creating a distinctive atmosphere in the following period (interview with experts, November 2023).

Regarding social policy, the idea of a comprehensive social security system was not revived during this period, nor were social insurances extended. No new welfare initiatives were implemented. The most right-leaning housing minister since the revolution came to power, emphasizing non-intervention in the housing market while discontinuing the Mehr Housing Project. Education

policies continued their previous trajectory, with a notable shift in health policy as the government attempted to reduce out-of-pocket expenses and improve the health system's quality through the "Health Transformation Plan". Indicators suggest the government's relative success in this area. Although the plan did not continue after 2017 some of its effects persisted (IPRC, 2024).

In summary, during this period, moderates with a tendency toward the modern right assumed political power. Domestically, they focused on strengthening the health system, aiming at the stabilization of the status quo, but their primary focus was on foreign policy. They sought to improve international relations and reduce sanctions, achieving relative success in this mission and raising social hope in society. Nevertheless, the economic situation saw little improvement (Annual Economic Growth: 2.7%, Annual Inflation: 9.2%).

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### Period 7: Despair and drastic adjustments (2017–2024)

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The 2016 national survey vividly illustrates a drastic decline in optimism about the future, marking an unprecedented drop in hope throughout the post-revolutionary periods.

A portion of the middle class's despair stems from the unsuccessful political actions they undertook during the seventh period. One significant effort was the presentation of a candidate list in the elections, famously known as "The List of Hope". This list, compiled by the Reformists' Council, aimed to unite like-minded candidates approved by the Guardian Council and prevent key conservative figures from entering parliament. This strategic move, which involved including candidates for the Assembly of Experts in Tehran who were not aligned with the reformist agenda, sought to block prominent conservative figures from gaining power. The List of Hope was notably effective in the 2015 parliamentary and Assembly of Experts elections, with all 30 representatives from Tehran being elected from this list, many of whom were previously unknown. This approach was repeated in the 2017 Tehran City Council elections, where all seats were won by reformists, excluding all

conservatives. However, the subsequent performance of this council failed to satisfy voters, and this electoral strategy was not replicated in later periods (interview with experts, November 2023).

President Rouhani, a member of the "Moderation" political faction, leaned towards the reformists' foreign policy stance advocating improved relations with the West. Domestically, however, he sought a middle ground between reformists and conservatives, balancing social freedoms with traditional and religious values. This moderate stance did not resonate well with the middle class, particularly given his 2009 comments on the protests of that year. Nonetheless, the middle class supported Rouhani in the 2013 and 2017 elections to prevent conservatives from coming to power, a choice seen as picking "the lesser evil" (interview with experts, November 2023).

Post-2017, the government's international policies faced significant setbacks, particularly lacking a clear strategy to deal with President Trump, whose withdrawal from the JCPOA critically undermined hopes tied to improved relations with the West.

The reinstatement of severe sanctions created profound economic challenges, leading to widespread social, political, and economic despair. The discontent over the ongoing unfavorable conditions, combined with electoral disillusionment, sparked street protests.

In 2017, there was a decrease in the proportion of individuals favoring gradual change in the country's situation and an increase in those advocating fundamental change, rising from approximately 29% (in 2003) to 42% (in 2017). Concurrently, the inclination towards emigration from Iran has doubled within this interval (Ministry of Culture and Islamic Guidance, 2004; *Ibid*, 2017).

From 2018 to 2022, three major protest waves occurred, each varying in intensity, participants, and reasons. The first wave in early 2018 was brief and small-scale, with economic issues being the primary grievances. The protesters, generally middle-aged with high cultural capital but low economic capital, seemed driven by a bleak outlook on the future. The second wave in late 2019, triggered by a sudden fuel price hike, was larger in scale but short-lived, involving economically disadvantaged groups, primarily young adults.

The third wave in 2022-2023 was the most extensive, both geographically and temporally, with demands centered on civil liberties, especially freedom of dress, primarily involving young middle-class individuals (interview with experts, November 2023).

The second protest wave was the only one that yielded tangible results, compelling the government to distribute cash transfers from the increased fuel prices among the lower six deciles of the population (interview with experts, November 2023).

The frequency and diversity of protests, coupled with low political participation in elections, suggest a significant decline in vertical social capital in the country. The worst conditions in terms of the people's connection to the government since the revolution have occurred in this period, with the lowest presidential election turnout at 48.8%, compared to the historical average of 67.5%. Absolute poverty, according to official Iranian reports, markedly increased during this period, rising from about 20% to approximately 30% of the population between 2017 and 2020, adding around three million households to the ranks of the poor. Despite the expansion of support institutions, about four million impoverished households remain outside the safety net (IPRC, 2023d). The reduction in Iran's oil revenues during this period forced the government to adopt more neoliberal policies, intensifying these measures: a dramatic fuel price increase in 2019 (criticized as shock therapy), sudden adjustments to the foreign exchange allocation for essential goods in 2022, raising the retirement age by two years, and increasing the required years of service for retirement from 30 to 35 years in 2024 (interview with experts, November 2023).

As in the fourth period, welfare services have been largely reduced to cash transfers, with no significant welfare policies enacted. The Health Transformation Plan was halted at the beginning of this period, housing policies continued without market regulation, and the supply of government housing was limited to cheaper land offerings. Education policies remained unchanged, and social security saw no new initiatives. However, the government relied on cash transfers, increasing them twice: once following the fuel price hike in 2019

and again after adjusting the exchange rate for essential goods in 2022. This period has been marked by substantial inflation, with the Rial's value plummeting against other currencies since the 2019 fuel price increase.

In summary, following the election of Trump in the United States and the reimposition of sanctions, the economic situation worsened (Annual Economic Growth: 1.6%, Annual Inflation: 11.7%). Political power shifted between moderates and conservatives, but their social policies did not change. Due to the government's financial difficulties, they turned to neoliberalism with a focus on cash transfers. In this era, public disillusionment and frustration grew, leading to widespread protests.

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## 5. DISCUSSION AND CONCLUSION

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Given the evidence presented, it became clear that the Iranian welfare state fluctuated strongly over the past 45 years and hence cannot be properly grasped with a single theoretical approach, as previous research has tried to achieve. The social context in post-revolution Iran has varied significantly across different periods, resulting in dynamic changes in social policies. The most notable transition occurred from the first period, characterized by a strong welfare state with multiple welfare institutions and high public participation, to subsequent periods where neoliberal ideology gradually took hold. This ideology's influence fluctuated but was never entirely eradicated, with its impact being less pronounced in the third period and resurging in later periods. Following this ideology, discussions about outsourcing and reducing government size have been prevalent since the mid-1980s. Whenever the government successfully outsourced a responsibility, it did not revert to it. However, public resistance or fear of protests prevented the government from exiting other areas completely. This tendency has significantly influenced social policy dynamics in most post-revolutionary years.

Initially, post-revolution social policies aimed to support both the middle and lower classes, viewed as "the oppressed". However, the focus

shifted over time. The third period emphasized strengthening the middle class through social security, while the fourth period onwards prioritized the lower strata, neglecting the middle class. This shift has contributed to the impoverishment of the middle class, pushing many into poverty.

In the realm of social policy, social security emerged as the most active sector, employing diverse innovations and tools to expand coverage. During the first period, the implementation of labor laws, optional insurance, and unemployment insurance contributed to relative improvements in social security, accompanied by extensive poverty alleviation efforts from both governmental and non-governmental entities. The second period focused on consolidating previous laws while excluding temporary contract workers from labor law benefits, leading to a proliferation of such contracts. The third period witnessed the drafting and approval of the comprehensive welfare and social security system law, establishing the Ministry of Welfare and founding the Social Insurance Fund for Farmers, Villagers, and Nomads. These initiatives, largely supported by substantial oil revenues, were developed in the fourth period. However, in the fifth period, the expansion of insurance stagnated, and cash transfers began replacing social programs. The sixth period saw minimal changes, while the seventh period, despite an emphasis on transfers, experienced increasing poverty without specific social security programs. The weakening of labor laws from the second period onwards resulted in significant challenges for workers, including a high share of temporary contracts and inadequate unemployment insurance coverage.

Housing policy has been the most passive area in post-revolution Iran, marked by minimal intervention in the housing market and limited actions to increase housing supply. The first period saw government control over the housing market to prevent runaway prices. However, from the second period onwards, the government largely withdrew from market control, occasionally intervening to increase housing supply for low-income individuals. The proportion of homeowner households has decreased since the revolution, while housing prices and rents have escalated. By 2016, the share of

tenant households had more than doubled since 1986, reaching 30.7% (Statistical Center of Iran, 2016; Ministry of Roads and Urban Development, 2014). Housing expenses constituted nearly half of household expenditures in major cities, with 56% of household expenditures in Tehran's first decile allocated to housing in 2021 (IPRC, 2023b). The housing market, largely free from government intervention, experienced an average annual rent increase of about 20% between 1990 and 2021 (IPRC, 2023c).

In the health sector, several significant policies were implemented: expansion of Primary Health Care (PHC) in the first period, universal health insurance in the second period, reliance on the referral system, and free treatment for accident injuries in the third period, the family physician model in the fourth period, and the Health Transformation Plan in the sixth period, which reduced out-of-pocket expenses.

The concept of a rentier state is commonly used to explain welfare policy in Iran, given the country's heavy reliance on oil revenues. However, fluctuations in oil revenue have not drastically transformed the welfare system; instead, they have impacted the implementation or cessation of welfare policies. Social movements complicate the rentier state theory. Harris (2017) argues that the 2009 social movement challenges the rentier state theory, but the subsequent significant movements in the seventh period, occurring during low oil revenue periods, could potentially support the theory. Severe economic conditions can challenge any political system, not just rentier states.

An important critique of the rentier state approach is that welfare policies during periods of high oil revenues were not solely products of oil abundance. Many social insurance expansion policies during the 2004-2009 oil revenue boom were legislated between 1998 and 2004, when oil revenues were not high. Ideological dominance appears to be more influential in determining social policies than oil revenue levels. The rise of neoliberal ideology at the end of the first post-revolutionary period led to its dominance in the second period and subsequent changes in social policies. The failure of this ideology resulted in its decline at the end of the second period and the

emergence of the comprehensive social security system in the third period. The fourth period continued under social security, mixed with some populist approaches due to oil revenues. In the fifth period, cash transfers emerged as a policy response supporting the poor. Subsequent periods were influenced by various factors, lacking the clarity of previous approaches. In the seventh period, neoliberalism and retrenchment reemerged alongside cash transfers. Recent sanctions and reduced oil revenues have reinforced neoliberal policies in Iran, indicating that ideologies are not entirely independent of socio-economic conditions.

Messkoub (2006) and Harris (2017) highlight the role of social movements in shaping social policy, aligning with Leisering's (2021) argument about social questions in the Global South driving social policy development. However, this study's findings suggest that post-revolutionary social movements in Iran have not led to significant changes in social policies, with the exception of the 2019 protests, which resulted in increased cash transfers—a policy already under consideration by some politicians.

Despite all changes post-revolution, ensuring minimum welfare for all remains a priority. Public schools, public hospitals, and assistance to the very poor through aid organizations still exist, addressing various basic needs, and in some cases, even covering higher education costs for these families' children. However, the government has sought to reduce its responsibilities, exerting limited control over the housing market, and not all services in public schools are free. Instead, the government prefers to focus its welfare services on cash transfers. Yet, public expectations from the government, shaped by earlier periods, resist this trend, expecting broader intervention.

Finally, some experts in this field suggest that, to understand the aforementioned changes in this research, it is important to recognize that social policy in Iran lacks a coherent doctrine or discourse. Political parties do not have a clear stance on this matter, and typically, in elections with low voter turnout, supporters of cultural values and anti-Western foreign policy prevail. Conversely, in elections with high voter turnout, proponents of civil liberties and pro-Western foreign policy tend to win. As a result,

social policy is generally not a product of electoral choices but is formulated post-election through ministerial initiatives, which are often influenced by personal relationships or political pressures. Consequently, the trajectory of social policy changes remains quite unpredictable.

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**APPENDIX 1: SUMMARY TABLE OF SOCIAL POLICIES AFTER THE 1979 REVOLUTION, CLASSIFIED BY PERIOD**

Period	Labor Force Support	Housing	Education	Health	Social Security	Economic		Political	Dominant Ideology	Additional Notes
						Annual Economic Growth	Annual Inflation			
Period 1 1979-1988	Legislation process of labor law	Market control of housing	All schools are state-owned	Establishment and expansion of health houses and strengthening PHC	Voluntary insurance licenses; approval of unemployment insurance	-2.6	5.7	Marginalization of modern left; dominance of Islamic left	Comprehensive state welfare supporting the disadvantaged	Establishment of multiple state and supra-state welfare organizations
Period 2 1989-1996	Weakening of labor law and expansion of temporary employment	Government withdrawal from housing market control	Beginning of private schools and maintaining ideological control	Strengthening the private sector in healthcare; expansion of basic health insurance	Implementation of voluntary social insurance and unemployment insurance laws	5.2 (excluding boom years 1990-91; average economic growth 2.5)	8.4	Dominance of modern right	Dominance of neoliberalism	Extensive privatization
Period 3 1997-2004	Continuation of previous policies	Continuation of free market housing	Continuation of previous policies and further encouragement for private schools	Approval of free treatment for road accident victims up to two months after the incident	Expansion of social insurance; establishment of social insurance fund for farmers, rural residents, and nomads	4.3	2.1	Dominance of social democrats	Comprehensive social security system	Formulation of a three-layer social security system; establishment of the Ministry of Welfare; design a poverty alleviation document; strengthening protection institutions; failure in integrating active welfare institutions
Period 4 2005-2008	Continuation of previous policies	Continuation of free market housing alongside providing housing for the poor (Mehr Housing Project)	Continuation of previous policies	No Initiative	Continuation of social insurance expansion with more reliance on subsidized insurance	4.2	4.8	Conservatives with a tendency to support the underprivileged	Comprehensive social security system with an emphasis on the poor	Expansion of welfare services alongside increased oil revenues
Period 5 2009-2012	Continuation of previous policies	Weakening of the Mehr Housing Project and continuation of free market housing	Continuation of previous policies	Designing the family doctor model (remained at the pilot level)	Halting the expansion of subsidized insurance and strengthening optional insurance	1.4	7.5	Conservatives with a tendency to support the underprivileged	Dominance of cash transfers	Increase in sanctions; merger of the Ministry of Welfare; reduction of fuel subsidies and provision of cash transfers; expansion of privatization

Period	Labor Force Support	Housing	Education	Health	Social Security	Economic		Political	Dominant Ideology	Additional Notes
						Annual Economic Growth	Annual Inflation			
Period 6 2013-2016	Continuation of previous policies	Continuation of free market housing	Continuation of previous policies	Health Transformation Plan and reduction of out-of-pocket payments and improvement of public health services	Continuation of previous policies	2.7	9.2	Moderates with a tendency towards the modern right	Moderation and stabilization of the status quo	Improvement in relations with the West and suspension of sanctions, improvement in oil revenues
Period 7 2017-2024	Continuation of previous policies	Continuation of free market housing	Continuation of previous policies	Stopping the Health Transformation Plan	Reform of retirement age and indexing	1.6	11.7	Dominance of conservatives with right-wing tendencies	Return of neoliberalism and focus on cash transfers	Re-imposition of sanctions, expansion of protests and increased subsidies for essential goods and fuel subsidies and provision of cash transfers