

## **Will Iran's eroding middle class stunt its progress?**

Analysis: Iran's middle class has been hardest hit, which some see as a positive sign that could push Tehran back to nuclear talks with the West; however, economic hardship is sidelining the fight for political and social change in Iran

Dr. Raz Zimmt / Aug. 23, 2024

In July 2024, Iranian-born economists Mohammad-Reza Farzanegan and Nader Habibi, who reside and conduct research in the West, published a study examining the impact of economic sanctions on the size of Iran's middle class.

The study, recently translated into Persian by the Tehran Chamber of Commerce, has been widely reported in Iranian media as evidence of the harmful effects of the economic sanctions imposed on the country.

According to the study's findings, Iran's middle class shrank by a staggering 88% between 2012 and 2019, an average annual decline of 11%, due to Western sanctions. The sanctions led to a slowdown in economic growth, the collapse of numerous private companies and a sharp rise in inflation, which in turn resulted in a 28% decrease in the average real annual income in Iran.

The findings are not surprising, given the severe economic crisis that has gripped Iran over the past decade, heavily impacting the middle class. While the economic crisis has affected the entire population, the middle class has borne the brunt of the hardships. The upper classes have generally been able to withstand the economic downturn, and the lower classes have received partial compensation from the government in the form of subsidies and basic imported goods. However, the middle class has largely shouldered the economic burden.

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