



## ROUHANI'S SECOND TERM WIN AND THE RISING IRANIAN EXPECTATIONS

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Iran's state television on Saturday declared President Rouhani the winner of the country's presidential election held on May 19, 2017, for a second term. In the latest election tallies, Hassan Rouhani garnered 23.5 million votes, or 57% of the total ballots cast. It should be kept in mind that Iran has 56.4 million eligible voters.<sup>1</sup> President Rouhani defeated his chief opponent, hardliner/conservative cleric Ebrahim Raisi, who got approximately 15.7 million votes. On the same day, the polls for Iran city and village council elections were also conducted in tandem with the presidential elections. These elections also saw the win for Rouhani's supporters in the city council, thereby assigning them the gargantuan task of living upto their expectations.<sup>2</sup> The Iranian public, by voting in favour of the incumbent President Hassan Rouhani by a landslide margin, clearly indicated their expectations in terms of economic growth and employment.

This victory also comes with a heavy weight of expectations that President Rouhani may find hard to fulfil, given the constraints of Iran's complex government system and the weight of a US sanctions regime that the US is in no hurry to lift. The end of nuclear sanctions that followed the landmark nuclear deal was not followed by the flood of foreign investments—as hoped for—because the unilateral sanctions imposed by the US stayed in place thereby making it difficult to do business in Iran.

Without a doubt, Rouhani administration deserves due credit as it was able to end the longstanding nuclear crisis that had crippled Iran's economy through sanctions while at the same time isolating the country in the global community.<sup>3</sup> President Rouhani successfully fulfilled his promise to end the nuclear standoff with the West when he became President for the first time in 2013. The nuclear deal, or the Joint Comprehensive Plan of Action (JCPOA)—as known to the rest of the world—went into effect

in January 2016. The Rouhani led administration was able to negotiate the lifting of decades of sanctions imposed on Iran and as a result bring down the country's inflation from 34.7% in 2013 when he started his first term to 7.4% in 2016.<sup>4</sup> Iran's past isolation continues to haunt its economic future with prices still rising at 9% per year, while the growth in the economy has been limited, leaving unemployment percentage of 12.5% with 30% unemployment among young people.<sup>5</sup> The lifting of sanctions eventually led to Iran's full return to the global oil market. Since then, Iran's oil production has surged to approximately 4.0 million bpd. With OPEC's decision to exclude Iran from the oil production freeze (along with two other nations i.e. Libya and Nigeria), Iran, being the third largest oil producer, will keep boosting the oil production past the 4.0 million bpd mark.<sup>6</sup> It should be noted that both Russia and China have announced that they are also committed to the deal. Despite President Rouhani's re-election, the sanctions imposed by the US and the uncertainty over US President Donald Trump's policy towards Iran might contribute to the wariness of international companies, including energy majors, as they consider whether to go ahead with proposed investments.<sup>7</sup>

In historical perspective, JCPOA has become the crowning achievement of Iranian diplomacy with the West, quite masterfully orchestrated by President Rouhani. In fact, the credit for this goes to his role as a Chief nuclear negotiator almost

two decades ago.<sup>8</sup> At the domestic level, Iran's nuclear diplomacy is yet to be appreciated for its "smart skilfulness", thereby yielding positive results and this seems to be the reason for the discontent against Rouhani at the domestic level. However, President Rouhani also introduced economic management, which generated a modest economic recovery due to the relief from sanctions as part of JCPOA. But the expected economic recovery is yet to reach the common Iranian public, thereby increasing the discontent amongst the Iranians. The public opinion about the country's economic growth has not been good but it had favoured Rouhani in the current elections with the hope that in his second term he would help in 'resolving the country's economic problem.'<sup>9</sup> At the same time, this decisive victory gives Rouhani a strong mandate to seek reforms and revive the ailing Iranian economy.

It should be borne in mind that Rouhani is supported by reformists, centrists and even moderate conservatives across the country. The weakness in the broader economic scene of the country had weighed heavily on President Rouhani's public image, thereby making economy the number one challenge for him. The election result also suggests that there has been a referendum on Rouhani's more moderate political policies and foreign policy. Hassan Rouhani has come to embody more liberal and reform-minded Iran's hope for greater freedom and openness at home, as well as better relations

with the outside world.<sup>10</sup> It seems that President Rouhani's arguments for cautious change prevailed over the populist appeal of his opponent such as Ebrahim Raisi who was arguing for bigger handouts and subsidies for poorer Iranians.

Rouhani's return has provided him with the chance to continue with his agenda of economic reforms and re-integrating Iran into world affairs. At the same time, this win also suggests that President Rouhani has enough international and domestic support to continue with economic reforms and growth.

***(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])***

## Notes

<sup>1</sup> "Messages of congratulation pour in after Iran polls", *Press TV*, May 21, 2017, <http://217.218.67.231/Detail/2017/05/21/522677/Iran-Hassan-Rouhani>. Accessed on May 22, 2017.

<sup>2</sup> "Rouhani supporters win city council seats in Tehran", *Press TV*, May 21, 2017, <http://217.218.67.231/Detail/2017/05/21/522674/Iran-City-Village-Council-Election-Tehran/>. Accessed on May 22, 2017.

<sup>3</sup> Kaveh L. Afrasiabi, "Iran's Rouhani deserves a second term", *Iran Review*, April 18, 2017, [www.iranreview.org/content/Documents/Iran-s-Rouhani-deserves-a-second-term.htm](http://www.iranreview.org/content/Documents/Iran-s-Rouhani-deserves-a-second-term.htm). Accessed on May 08, 2017.

<sup>4</sup> "Iran—Average consumer prices inflation rate", <https://knoema.com/atlas/Iran/Inflation-rate>. Accessed on May 26, 2017.

<sup>5</sup> n. 1.

<sup>6</sup> Raymond Michaels, "Iran's economy since the lifting of sanctions", November 15, 2016,

<https://internationalbanker.com/banking/irans-economy-since-lifting-sanctions/>. Accessed on May 24, 2017.

<sup>7</sup> "Rouhani comfortably wins Presidential election", May 22, 2017, <http://country.eiu.com/article.aspx?articleid=1855450369&Country=Iran&topic=Politics&subtopic=Forecast&subtopic=Political+stability&u=1&pid=1165446100&oid=1165446100&uid=1>. Accessed on May 23, 2017.

<sup>8</sup> n. 3.

<sup>9</sup> Pre-Election national opinion poll (April 2017), <https://www.iranpoll.com/election-2017/election-14-april-2017>. Accessed on May 11, 2017; Matt Dabrowski, "Iran Polling: Will vote see Rouhani-Ghalibaf rematch?", *Iran Pulse*, April 25, 2017, <http://www.al-monitor.com/pulse/originals/2017/04/iran-opinion-polls-maryland-ipos-rouhani-ghalibaf-raisi.html#ixzz4gYnLXObk>. Accessed on May 09, 2017.

<sup>10</sup> "President Rouhani secures second term in decisive win", *Fox News*, May 20, 2017, <http://www.foxnews.com/world/2017/05/20/irans-incumbent-president-rouhani-wins-second-term.html>. Accessed on May 22, 2017.