

# Iran

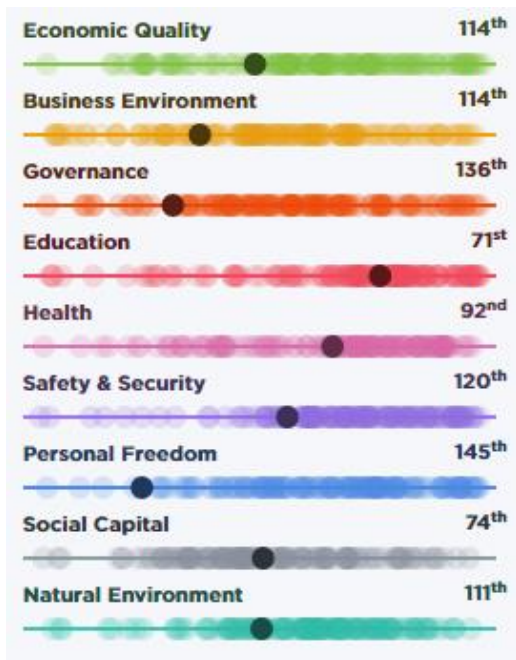
Ranked 118<sup>th</sup> of 149 on the 2016 Legatum Prosperity Index™



## OVERVIEW

Despite a regionally strong performance in Education, Iran's overall prosperity rank has remained in the bottom 35 since 2007.

Iranians endure some of the worst Governance and Personal Freedom performances in the world. More than anything, it is these two sub-indices that have kept Iran's overall prosperity at a low level since 2007. Restrictions on civil liberties have only tightened in the past two years and regional conflict and domestic political strife continues. Despite this context, Iran's performance in the Education sub-index, while at a low absolute rank, it is high relative to its regional peers and has improved since 2007.



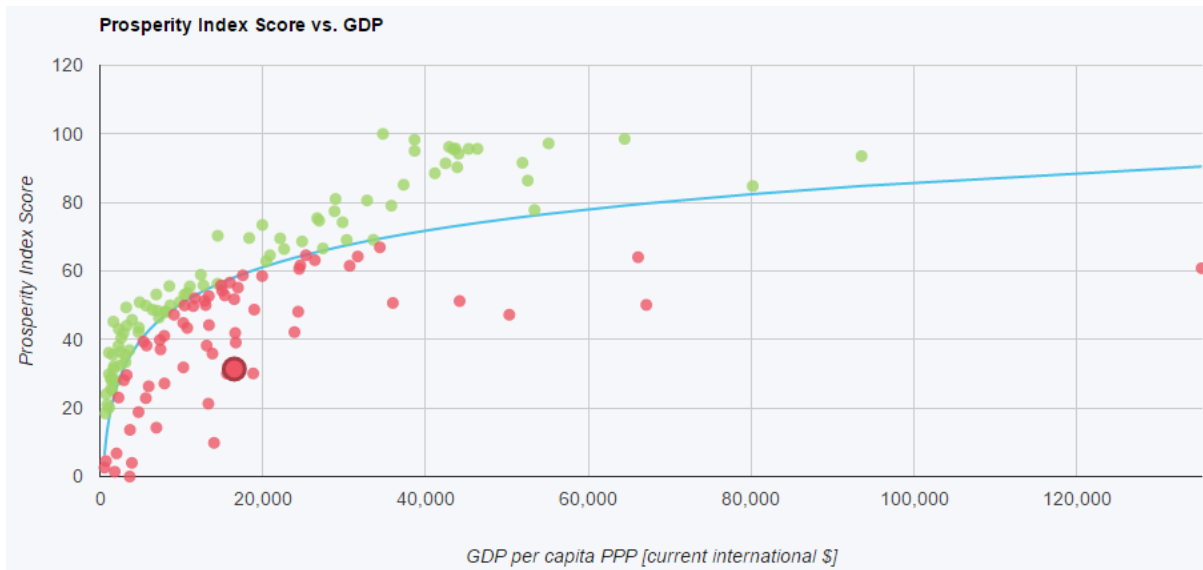
### Sub-Index Rankings

In the Prosperity Sub-Index rankings, Iran performs best on **Education** and **Social Capital** and scores lowest on the **Personal Freedom** sub-index.

Visit our [Rankings](#) table to see how Iran compares to other countries.

### PROSPERITY GAP

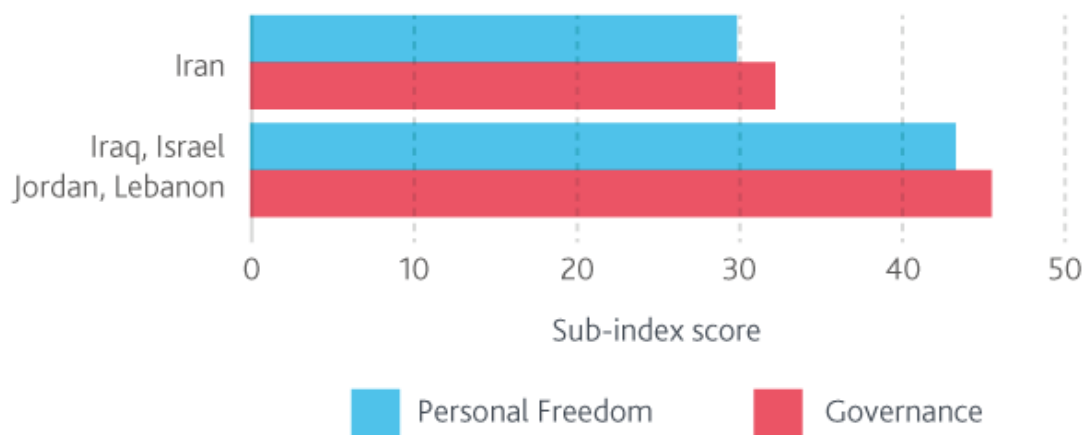
The 'Prosperity Gap' takes a country's GDP and uses it as the yardstick to measure a nation's expected Prosperity Index ranking.



Iran has a large and persistent prosperity deficit. It is smaller than that of Iraq, but much larger than its other neighbours – Israel, Lebanon, and Jordan. Iran has been unable to close its prosperity deficit since 2007, due to on-going political and social strife.

## COMMENTARY

Iran's prosperity story is one of frustration. Already a middle-income country, Iran's economy has substantial potential to deliver prosperity to its citizens, and its educational performance ranks it among the best in its region, but its overall prosperity is held back by a dysfunctional system of governance and by authorities that continue to tighten their grip on citizens' freedoms.



The Legatum Prosperity Index™

[www.prosperity.com](http://www.prosperity.com)

### Personal Freedom and Governance scores (level of Personal Freedom and Governance) in Iran and its peers.

Iranians endure some of the lowest levels of personal freedom and governance in the world.

Domestically, President Ahmadinejad's bitter disputes with the judiciary and legislative branches of government polarised Iranian society and political environment. On a political level, these disputes have damaged both Iran's rule of law and the independence of its judiciary. On a social level, they have eroded Iranian social capital. Iran's ranking in the Social Capital sub-index dropped by 20 places from 2013 to 2016. Worryingly, this decline is mainly accounted for deteriorating institutional trust, as measure by Iranians' trust in their police force, and by diminishing number of Iranians who feel they can count on friends or relatives in times of trouble. While Iran's overall level of social capital remains high relative to its neighbours, its Governance rank is lower than all of its neighbours: Israel, Iraq, Jordan, and Lebanon. Its Governance rank, in fact, places it between the African countries of Angola and Mauritania.

What weighs Iranian prosperity down more than anything is its performance in Personal Freedom. To be sure, there has been some improvement. Its Personal Freedom ranking went from the world bottom in 2007 to fourth from bottom in 2016. Iranian authorities continued, over 2015 and 2016, to restrict the rights to freedom of expression, association, and assembly. They continue to arrest and imprison journalists, human rights defenders, trade unionists, and individuals who voice criticism of the government. Amnesty International reports that torture and ill treatment of detainees remains common, and is committed with impunity. The Personal Freedom sub-index shows that both social and governmental restrictions on religion increased from 2007 and press freedom deteriorated in Iran. The country's low rank, however, is more a story of no progress – rather than regression - on Personal Freedom since 2007.




The frustration lies in Governance and Personal Freedom holding back Iran from tapping into the sheer capacity of its human capital which, as the recent Legatum Institute report “Iran’s Unrealised Potential” argues, ‘is undoubtedly a more renewable resource than its oil and gas reserves.’ Iran’s Education rank places it some distance behind Israel, which is a global leader in this regard, but above the rest of its regional neighbours. Its Education rank has increased by nine places since 2007, and it continues to register world-leading youth and adult literacy rates as well as rates of primary schooling completion.

Iranian prosperity does not only depend on correctly managing its oil and gas exports, as commonly argued, but also depends on managing the talent pool of its citizens whose abilities remain underutilised due to weak governance and political restrictions.

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### **Ways to make a change**

Click on the Tweets to help make a change in your nation.

1. Tapping educating citizenry not oil reserves is the way to prosperity! 
2. Educated, but unfree: let Iranians work for prosperity 
3. Political polarisation is socially corrosive: better governance now! 

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Visit Iran’s [country profile](#) on [www.prosperity.com](http://www.prosperity.com).