



ThinkPeace

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Socio-Economic Cost of War and Repression in the Middle East

Why Europe's Approach Falls Short

Barbara Mittelhammer

KEY TAKEAWAYS:

- The US-Israeli war on Iran and ongoing regional conflicts are inflicting devastating socio-economic damage on civilian populations – from mass layoffs and destroyed infrastructure to collapsed informal economies. Yet European debate remains focused on implications for European markets and geopolitical order, sidelining the far heavier burden borne by people across the region.
- War and repression are deeply intertwined: in Iran, military aggression has intensified political repression, including a spike in executions and an 88-day internet blackout that have actively dismantled the social and economic foundations of everyday life.
- The consequences of conflict are profoundly gendered and fall hardest on those in precarious, informal, or invisible economic roles. Two examples: In Iran, the internet shutdown collapsed the micro-enterprises of millions of women; in Lebanon, women and marginalised communities are the first to lose livelihoods and the last to be included in recovery.
- Civil society organisations and women-led networks sustain the social and economic fabric that formal institutions fail to reach, and their knowledge of what recovery requires must be the starting point for policy making and programming.
- Germany and the EU must move beyond political passivity toward a human security framework that centers socio-economic realities, applies international law consistently, and engages civil society meaningfully – or risk becoming strategically irrelevant while funding reconstruction that entrenches rather than addresses existing vulnerabilities.

The context of war and Europe's Response

The US-Israeli war of choice with Iran, launched in February 2026, has fundamentally altered regional and global paradigms. The negotiated Memorandum of Understanding between Iran and the US at least opens the prospect of an end to the war, even if much remains up for discussion and open to criticism. Yet, both Israel and Hezbollah continued with attacks and counter-attacks the very next day. Meanwhile, the European debate has, to a large part, been revolving around the war's impact on geopolitics, European markets and prices. Yet, its weight falls heaviest on the people in the region, as well as the physical and social fabric across it: from loss of life and trauma to destroyed public, economic and civilian infrastructure, to disrupted trade routes and access to basic goods. These factors compound with the humanitarian catastrophe in Gaza and Yemen, as the consequences of escalation continue to converge.

People in the region are caught between war, repression at home and international inertia, and despite them bearing the heaviest consequences, their perspectives remain marginalized. International responses to the war, whether the "might makes right" power play, or Germany's and the EU's [political passivity and post-crisis technical fixes](#), continue to overlook the human dimension. By doing so, Europe fails to address key elements of what determines whether societies can rebuild and hold together. Zooming into concrete examples can help to understand how war and conflict not only destroy the physical infrastructure but dismantle the social fabric and economic foundations of people's lives. And they are doing so in ways that are deeply gendered, hitting hardest those whose economic participation was already precarious, informal, or even invisible, in the first place.

A feminist perspective reveals how neither a sole focus on geopolitics nor top-down stabilisation will respond to the elements that determine whether societies can withstand crises, rebuild and sustain peace. Instead, it focuses on the agency and needs of those who sustain life under crisis as a starting point to develop a political response. Such a re-think is crucial. A European strategy that does not place the human and socio-economic dimensions at its core will not lead to lasting peace.

The impact of war on the social and economic fabric – and their importance to lasting stability

The case of Iran illustrates the nexus between external military aggression and internal repression, and their devastating consequences – from the gravest human rights violations to their severe impact on the social fabric and socio-economic dynamics in the country. Iranians are caught between converging crises that are mutually reinforcing: the omnipresence of the ongoing conflict, unprecedented mass killings of thousands, possibly tens of thousands, of peaceful protesters in a military-style crackdown in

January, the aftermath of last year's 12-day war, intensifying political repression, a deepening economic emergency and the systematic curtailment of their digital rights.

A gruesome example the gendered impact of the crises mentioned above is the lasting consequences of the [weaponisation of the death penalty](#) on the families of those affected - including on their economic stability. This is particularly alarming considering the [spike in executions as instrument of repression](#) under the cover of war and on political or security-related grounds. Between March 18 and June 3 alone, the Iranian regime has executed at least 40 people under political or security-related charges. After executions, [it is often women who are left as heads of households in precarious situations that expose them to not only economic marginalisation but sexual and gender-based violence](#). If the family has an ethnically marginalised background, systemic discrimination and persecution adds to this vulnerability. As such, this particularly cruel form of repression produces economic instability and reinforces gendered patterns of violence.

Also, military strikes have caused [massive damage to civilian and economic infrastructure](#), on top of an economy already in deep crisis from corruption and mismanagement, decades of sanctions, and inflation. But the destruction of physical infrastructure is only one dimension. The war has caused mass layoffs that are disproportionately affecting women workers, in a labor market with only [about 14% female labor participation](#) in the first place. The Iranian regime's unparalleled internet blackout of 88 days, and only [limited and discriminatory restoration](#), has eroded economic structures for millions of Iranians, with estimated economic losses of [30 to 40 million USD per day](#) in direct costs alone. And this economic downturn comes with a deeply gendered impact: As of early 2024, Instagram had [47 million users in Iran, 46% of them, over 21 million](#), women, many of whom used Instagram, and similar platforms, to run micro-enterprises. Others rely on online platforms to provide services. This [informal labor market has now collapsed, with grave consequences for women's livelihoods and informal employment](#). The feminist lens [helps to understand](#) how the internet shutdown is not simply a wartime disruption. The regime has long used digital repression to control civic space and the war has provided a pretext to deepen it.

This compounding of layers is true, of course, beyond Iran. The case of Lebanon, for example, demonstrates the systematic destruction of socio-economic agency through the cascade of compounding crises: the severe economic collapse in 2019, the Beirut port explosion, and then in 2024 and 2026 the devastating impact of Israeli attacks and war. Women, who participate in the [formal labor force at just 29%](#), are the first to lose their livelihoods when the economy contracts and the last to be included in recovery. If rebuilding prioritises physical infrastructure without addressing the social fabric, and whose needs define the priorities, it will only aggravate vulnerabilities and exclusions. In Lebanon, over [85% of displaced women are currently in informal housing](#). Their experience of the crisis, and their knowledge of what recovery requires, is key to reconstruction.

Across the region, the socio-economic consequences of destabilisation are mounting, from disrupted trade routes to economic spillover into Jordan and Iraq, from Yemen's protracted humanitarian crisis to Gaza, facing the wholesale destruction of a society's physical and social fabric and an entire generation growing up without access to education, healthcare, or any prospect of (economic) self-determination. What a feminist perspective renders visible, across each of these contexts, is the deep entanglement of physical and social infrastructure, and why it matters. From this view, socio-economic hardship and unaddressed grievances are seen as drivers of instability. People in survival mode, struggling to meet its most basic needs, cannot meaningfully strive for dignity, rights and political agency.

What follows for German and EU foreign policy?

The evidence from Iran, Lebanon, and across the region is unambiguous: any response to the war has to tie together efforts to end conflict, urgent humanitarian and human rights responses, strengthening of socio-economic needs as well as people's agency, with Germany's and the EU's own political interests – along with critical self-reflection.

In the short term and given the scope of crises, this starts with addressing humanitarian needs and pushing for an end of hostilities. While Europe is sidelined in US-Iranian negotiations, the dimension of holding all parties accountable to international law, ceasefire, and non-violence is one in which Germany as well as the EU should invoke the leverage they do have, including on Israel.

But immediate crisis response has to be accompanied by longer-term political thinking. A regional human security framework would provide Germany and the EU with an entry point to assume a more active role, rather than standing by as more powerful geopolitical actors compete on their terms. In light of paradigmatic shifts, Europe will have to reassess its approach to the region fundamentally. In doing so, it should center the needs and agency of populations and address the structural drivers of instability. This includes Europe's own policies – ranging from the design of sanctions to inconsistent application of international rights' standards, to trade or arms export policies. Inconsistency undermines Europe's foreign policy leverage, whereas the opposite is a precondition for being taken seriously as a partner by actors across the region – and beyond. If Europe does not want to end up as the “[lonelier continent](#)”, it is high time to change course.

In both short- and long-term, the EU and member states should pursue a genuinely inclusive and two-track policy approach: to get the insights, expertise, and knowledge from people and civil society affected but also to collaborate with those who are change-makers and thought-leaders, even if this requires particular political will and effort in repressive and closed-off contexts. This is especially critical for women-led organisations and networks, which often sustain the social and economic fabric that formal institutions fail to reach.

What is at stake

Without centering human security and the socio-economic realities of people's lives, no approach will produce a lasting solution. For Germany and the EU, this rethink is particularly pressing. However sidelined they may be from political negotiations, the burden of mitigating the war's impact, supporting reconstruction and providing post-conflict assistance will likely fall on them, at least to a large extent. If only out of their own interest in a more stable region – politically and economically – Berlin and Brussels would be well-advised to center these perspectives in their response and start doing so now.

About ThinkPeace

For its second volume, the ThinkPeace series applies a regional focus to allow for more comprehensive analysis, connecting concrete examples with global dynamics and highlighting the convergence of crises at a pivotal global moment. The endeavour is a collaboration of the Heinrich Böll Foundation's Global Unit for Human Security (Vienna), the Global Unit for Feminism and Gender Democracy (Sarajevo) and the Foundation's Foreign and Security Policy Division (Berlin), with Barbara Mittelhammer as author and curatorial lead.

The author

Barbara Mittelhammer is an independent political analyst. Her work focuses on human security, feminist foreign policy, as well as gender and the role of civil society in foreign policy making. She has published on developing and applying feminist foreign policy, i.a. towards Iran and Syria, and has worked with think tanks, foundations, international organizations, ministries, parliamentarians and civil society organizations. In addition, she is a trained mediator

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Schumannstraße 8, 10117 Berlin, Germany

Expert contact: Simon Ilse, Head of Global Unit for Human Security,
Vienna, simon.ilse@at.boell.org
Derya Binisik, Director Global Unit for Feminism and Gender Democracy,
Sarajevo, binisik@boell.de

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