

Tudeh News



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Where to Look for the Roots of Poverty in Iran?

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The corner stones of Ahmadinejad's 2005 electoral campaign were formed on reduction of poverty gap and the resolution of deprivation problem. Three years on after all the extravagant promises for equitable wealth distribution and "bringing the oil money to every dinner table", the economic indicators show an ever more growing gap between wealth and poverty combined with widespread deprivation.

In the recent weeks Iran's mass media have been reporting on the dangers of the growing poverty and its adverse social and cultural consequence. Publication of these articles is not coincidental and it is indicative of the deep fears about the growth of appalling levels of poverty across the society. There are serious concerns about the announcement of government's "economic Transformation programme" which has been dubbed by number commentators as the Great Surgery.

The daily Iranian newspaper *Capital* depicts our countries condition as: "according to the UNs figures the 2006 / 07 Gini Index (inequality of wealth distribution measurement) is increasing while the unemployment and inflation indicators are deteriorating. In fact the Gini Index since 2004 has been growing in both urban and rural areas which points to the growing gap between the poor and wealthy".

According to Islamic Republic's central bank and Ministry of Economics the absolute poverty line based on income and consumption at national level is \$415 per family and in Tehran's province during 2007 it was \$670. The official statistics show the poverty is growing at 18% per annum and 35% of the population live below the absolute poverty line unable to afford their basic needs. Recently the deputy economic ministry admitted: "20% of the population own 60% of economic earnings which is indicative of unequal opportunities. The poor (absolute and relative) makeup 50% of the population, therefore 80% of people live with less than 40% of the resources and incomes. Uneven distribution of incomes has caused increased poverty...." Obviously this official is unwilling to explain the root causes of this trend, i.e. the relationship between increasing numbers of poor in the society and unequal distribution of incomes and what are the reasons behind the rich and poor gap.

A brief appraisal of Ahmadinejad's proposed economics model can explain some of the causes behind the appalling widespread poverty in Iran. Ahmadinejad and his team are keen to represent

the so called “economics transformation programme” as an innovative idea and a proof of their commitment towards “justice”. But this programme is part of the overall policy implemented by the theocratic regime and it is based on IMF and World Bank’s directives. It has defined the economic plans since Rafsanjani’s government and then latter inherited by Khatamie’s administrations.

In the proposed plan the elimination of government subsidies is depicted as a precondition for joining the World Trade Organisation. Ahmadinejad’s “economics transformation programme” is the continuation of the same destructive neoliberal policies which during the last 2 decades has ignored the interests of the people and the poor. The deceitful propaganda around this economic plan is intended to leverage the key objectives of Ahmadinejad’s government. Firstly, as part of the forthcoming presidential election to strengthen the parasitic elements loyal to the present government. Secondly, to shore up the interests of specific factions within the ruling reaction. Approximately \$90 billion will be available to grab and to carve up, if the government subsidies are removed. Even if part of the saving from the removed subsidies are transferred and paid directly to the people, it will still lead in higher prices and lower wages. Elimination of subsidies is a scheme to create real [market] prices.. In an study by Ahmadinejad’s own supporters it has been predicted that the removal of energy subsidies would increase petrol price by 6 times, Diesel 30 times, Gas by factor of 10 and electricity cost will go up 800%. The question is that wouldn’t the prices of other commodities and services increase along with raise in energy costs? Also, what level of direct cash payments (instead of government subsidies) to the people would be needed to cover the price increases?

Ahmadinehad’s unsubstantiated undertakings to protect the lower sections of the society by turning the subsidies into cash payments are nothing but a deceitful attempt to thwart people’s opposition. His government talks of cash payments in order to cover its tracks while implementing a destructive neoliberal economic policy! It has been estimated that the “economic Transformation programme” will lead to 12.5% or 14% increase in unemployment. It is creating anxiety in certain factions within the regime concerned about the impact of this programme which can lead to widespread social and political protest. This programme will lead to price increases and rise in unemployment - the sum of these two means further spread of poverty.

Therefore by observing Iran’s present day economic structure and Ahmadinejad’s programme one can easily identify the roots of poverty and reasons behind its rapid growth. According to a member of parliamentary commission, currently due to growing poverty there are 6 million Iranian who live under \$2 and overall 12 million poor are fully dependent on various public organisations.

The socioeconomic orientation of the ruling theocracy is towards neoliberal economic model, implementing large scale privatisation to shore up the interest of large capital.. Undoubtedly the economic restructuring that Islamic Republic presents at its key engagement with global capitalism would further proliferate abject poverty. In this process the large and powerful mercantile capitalist and their political allies bureaucratic bourgeoisie are the winners of this economic transformation. ~The growth and spread of poverty in Iran is closely coupled with the political and economics power of these two classes. Poverty is the outcome of the theocratic regime’s policies designed to promote and protect the interests of Iran’s large capital. Ahmadinejad’s government is the obedient perpetrator of this agenda!