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SPECIAL EDITION: A GLIMPSE AT IRAN'S DOMESTIC SITUATION UNDER VELAYAT-e FAQIH (SUPREME LEADER) REGIME

Growth of Cash Flow Volume, Increase in Inflation and Debilitation of Manufacturing

*(From editorial of "Nameh Mardom",
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No. 751, 9th November 2006)*

The worrying growth of cash flow and the prediction of its 41+ percent growth, along with increase in prices have put the atmosphere of the country in a dire situation. The Central Bank of Iran, in one of its last estimates announced: "The cash flow volume during last July reached 994 trillion Rials (about 100 billion dollars) which had a 36.3% rise compared to last year".

These official statistics were announced at a time that a former member of the country's chamber of commerce was quoted as saying "the increase in volume of the budget in 2006, tabling the supplementary budget and government expenses have increased cash flow and given rise to more inflation... Iran's economy does not have the capacity to sustain this much cash."

The growth in cash flow and increase in inflation have profound socio-economic and cultural dimensions. Ahmadi Nejad government has adopted a deregulated import strategy to battle inflation, which considering the current state of the economy, especially in manufacturing sector, is a catastrophe.

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On October 8, "Sarmayeh" ["Capital"] newspaper had a report in this regard, and quoted an expert in economy in saying that the government's strategy is economic suicide and destruction of national production, and wrote "the profits from economic activities are not spent in production and job creation efforts; the government does not have any form of control over the private sector (non-productive and broker) and the fact that whether the billions of dollars in loans paid to this sector will really enter back into the production cycle or not. One of the determining factors in inflation and its increase is that the taxes retrieved from individuals and organizations involved in non-production activities is very small, such that the amount of tax the government collects from public servants is equal to that collected from the private sector.

And this is when the public employees are among the economically weakest and most vulnerable sections of the society, but the amount of capital in the hands of the private sector is very considerable." Furthermore, it

should be noted that the inflation, which is chocking millions of working people and middle class members of the society, is a result of the hidden and semi-hidden economic activity of the tens of parasite establishments and institutes, and the Revolutionary Guard, and the so called private companies set up by the high ranking members of the regime or their families.

These people take advantage of special government privileges and due to a lack of lawful control over their actions, they take the arteries of economy and the distribution networks in their hands and according to the times, steer and guide the market ("Bazaar") to suit their whims. This parasitic and non-productive sector of society benefits from the imports of goods and the promoting of mercantile economy, and wishes to preserve the status quo while a majority of national manufacturers are at the verge of bankruptcy.

Ibrahim Razzaghi, university professor and an expert in economy, said in an interview that "any government that has a neo-liberal mindset and has a non-productive economy reliant on middlemen and brokerage, will not be able to control increase in prices, and currently the power of such middlemen in Iran has become such a deciding factor that I can see no positive outlook on controlling prices, since these people are trying to keep the status quo for personal profits. The policy of importing goods, by taking advantage of the higher prices of oil in the world market in order to battle inflation, is a detrimental mistake. The import of goods has increased by \$10 million this year."

This anti-national policy of Ahmadi Nejad 's government, i.e. imports to battle inflation, is throwing away the national wealth, and is increasing stagnancy and closure of manufacturing plants. According to the statistics published by the Central Bank of Iran, in the first six months of the current year 24.789 billion dollars were gained from the exports of oil. Knowing of this considerable amount, one must ask, how and in what venues is this public fortune being spent? Why, in spite of such an income, do the people of our nation still live in poverty and

their quality of life and income is constantly diminishing? According to a recent report by the IMF, the rate of inflation in Iran will reach more than 15 percent which will be the highest rate among the countries in the Middle East, and North Africa, second only to Iraq.

The authorities of the regime, especially the government installed by the Supreme Leader, consider the expansion of the private sector as the only way out of this economic crisis. There is widespread consensus within the various sects of the regime despite some disagreements they may have over the methods to execute it. For example, the head of Iran Chamber of Commerce said during an interview with ISNA on Oct 10 that: "a five year economic plan will change the face of the revolution and the country. The more the share of the private sector increases in the economy these issues will become easier to solve and this is where the private sector gets involved to develop policies. After the revolution the hands of the private sector were tied from accessing foreign capital and this problem should be resolved as soon as possible...."

Many of other experts and bureaucrats of the regime also see the solution to the economic problem as fulfilling the interests of private sector and attracting foreign capital (meaning the presence of multi-national monopolies). This same group tries to deceive the public and portray the so called "public" system that presumably Ahmadi Nejad has championed, as the root cause of the problem. Ahmadi Nejad government, despite false advertising, is not in any way against privatization or the attraction of foreign capital. This government is the representative of a certain sector of Iranian capitalism and their initial rhetoric for justice was only to get them into power and to gain control over the levers of authority.

If this non-productive and merchant layer of Iranian capitalism expresses any reactions against imperialist monopolies and the type of relationship with international capitalism, in no way does it mean that it has an anti-imperialist and anti-capitalist nature, but this is only a very precise and purposeful reaction to

defend the current dominant capitalism in Iran. We must emphasize that this layer does not in any way have a progressive and positive direction.

We have reminded many times that in evaluating our country's dire political, social and economic situation – especially in dealing with the economic situation and explaining the nature of the different factions within the government and their objectives – one must not only look at the surface of the events and fail to assess the class dynamics. The nature of the rulers has a clear effect on the nature and role of public sector.

In other words, when speaking of socio-economic direction of the regime, the public sector, the private sector, and the likes, one must not forget that the economic actions of this group or that sector does not occur in a vacuum and outside the framework of certain terms, but safeguards the interests of this or that sector or class. Thus, it is the class nature of the state rule and its political orientation that determines the objectives of public sector and the way to reach them, and hence the nature of reproduction.

Therefore, we are not facing a trans-class phenomenon. Ahmadi Nejad 's government and its economic policies are not exempt from this rule, and for this reason the economic and social nature of the public sector under the control of this movement is nothing but anti-national, non-productive, government capitalism. For example, the government's latest program that is being hailed as a "revolution" in the Department of Planning and Budgeting, involved a presidential order to annex the provincial Departments of Planning and Budgeting to the provincial government which has caused different reactions from the various factions within the regime. This is nothing but a calculated action aligned with the anti-national socio-economic directives of the Velayat-e faqih (Supreme Leader) regime, in order to secure the interests and establish the power of certain layers within the country's capitalism elite.

This is an attempt that at the level of planning and macro-management of the country has

faced the Department of Planning and Budgeting with an existential challenge, and shows the confrontation among the different fractions of the regime. The reality is that with the coming to power of the Supreme Leader's installed government, its supporting factions have been stabilizing their own positions while destabilizing the socio-economic bases of competing factions by relying on the levers of power. Changes in the Department of Planning and Budgeting, adoption of a series of policies to deceive the public such as Edalat (Justice) shares, financial and economic weakening of such institutes as the Workers' House and some unions ...are analyzable from this angle.

In other cases, for example allotting Edalat (Justice) shares, whose public meeting was announced with much fanfare in the media, is a story along the same lines. Ahmadi Nejad 's government during the past weeks has started the offering of Edalat shares in a formal gathering. The minister of economy said during this meeting "...the implementation of Edalat Shares plan, with the aim of transferring government ownership to the people and speed up privatization... is aiming to reduce of the size of the public sector...."

In summary: Ahmadi Nejad 's government is aiming to weaken the position of other factions and strengthening its own side with speed and determination and in a framework of socio-economic direction as given by the Supreme Leader. This is the truth behind the veils of lies and propaganda they are putting out!

Poverty in rural areas, death of agriculture produce and devastation of farming lands

(From "Nameh Mardom", No. 751, 9th November 2006)

The vast objections of some Cooperatives and Agricultural Unions against Ahmadi Nejad's programs and their warning about the ever increasing weakening of agriculture

production and its impact on the national economy, has been loosely reflected in the media.

In recent months, agriculture producers and large fractions of peasants have been faced with enormous difficulties, due to Ahmadi Nejad's policies that emphasize on the uncontrolled imports of consumers goods. Referring to the cabinet's endorsement of grain import by private sector, an authority with the Ministry of Trade indicated in an interview with the media in October that private sector has imported forty thousand tons of wheat in the first few months of this year. This is when, the agriculture experts have clearly stressed that vast importation of wheat by private sector without any governmental regulations contradicts with self-sufficiency of wheat and undoubtedly would force producers to bankruptcy.

Moreover, the authorities of Iranian central union of live-stock-farmers have objected to the omission of bran subsidies and price reduction of unprocessed milk. This objection was expressed at a time that after the omission of 15% tariff on red meat imports, Ahmadi Nejad's government reduced the tariff rate of baby formula imports too, and is moving toward eliminating it completely. As pointed out by an authority of livestock-farmers' Central Union, there is no insufficiency of unprocessed milk for dairy industry in Iran, and the reduction of tariff rates on baby-formula imports, means a big loss for livestock-farmers and peasants.

Elimination of 15% tariff on meat imports has damaged domestic production. Total cost of meat produce for foreign countries is less than 10 dollars per kilogram, but to damage the third world production, they import it at 1/6th of the price, and the difference is compensated by subsidies paid by the producing countries... It seems as if they want to run the producers out of business completely. Elimination of bran subsidy, as the only means to support Iran's small and traditional livestock-farmers, will damage production and will cause unemployment of the rural farmers. But, the government issues import permits for thirty to forty thousand tons

of red meat annually, and does not support domestic livestock-farmers.

Also the Vice-Chair of the Union of Fruit and Vegetable Exporters said that "during the first half of year, \$92 million worth of fruit has been imported to Iran." He stressed that this has forced thousands of peasants and orchard owners to poverty and devastation.

In contrast to demagogic slogans, these plans and policies are rapidly implemented. A member of the Agriculture commission of the parliament has clearly confessed to the median that "unfortunately whenever battle against price hike and the matter of price cuts is discussed, the weakest layers of society and those whose voice is never heard, i.e. the producers in agricultural sector get inflicted. Today, by taking advantage of the excuse that we are getting ready to join the World Trade Organization ... the most important sector of the nation's economy that deals with the nutrition security of the people is being targeted.

Before our domestic products get to the market, we see that some products are easily imported with no tariff. We have not been able to close the gap between the consumer market and the phase after the production of agricultural production. This phase has serious hindrance, especially associated to brokerage and middlemen business." This clear confession of one of the regime's members of parliament clearly shows the profound dominance of brokers, traders and key businessmen in the economy of country. It is because of this fact that the agricultural sector and millions of Iranian peasants are in an insecure and unfavorable condition.

While offering all kinds of opportunities to large scale traders and businessmen, the reactionary regime is not willing even to waive the debts of farmers in areas suffered from draught, or even to give them noteworthy discounts. Since most of farmers did not pay their debts, the government has penalized them with a late payment fine of 6%!

Despite the fact that there are thousands of cooperatives in the agricultural sector in the

country, practically none of them has any power compared to brokers and middlemen, and in general, distribution system that is completely under the control of big traders. With regards to the issue of cooperatives and their role in the agricultural sector and securing the interests of rural working people, it must be underlined that in contradiction to the Supreme Leader regime propaganda, the existing cooperatives cannot play their principal role, due to various reasons including the regime's socio-economy orientation and direct interference in the management of cooperatives, and ignoring the presence of peasants in steering these cooperatives. Creation of cooperatives or reviving them based on the existing ones must be under direct and sole control of peasants themselves.

In addition, strengthening and developing the role of cooperatives in rural areas and agricultural production is directly related to the radical solution of the land ownership in favor of peasants, and ending their dreadful life, without which success is impossible. As such, claiming that "Iran is the pole of agriculture" or "there are thousands of cooperatives in Iran" at best is nothing but false impression. The structure of agricultural products has a great impact on transformation of the makeup of our national economy, and that's why it is one of the effective factors in the economic development.

We are witnessing that due to the destructive plans of the Velayat-e faqih (Supreme Leader) regime, and its obedience of the orders of International Monetary Fund and the World Bank, agriculture production and following that, the life of millions of peasant has been in the most terrible conditions. Poverty in villages, reduction of agricultural production and devastation of farm lands and orchards are clear sings of this dangerous and destructive trend.



Bill to “Remove the Obstacles to Manufacturing”, or to Ruin the Workers’ Job Security

(From "Nameh Mardom", No. 751, 9th November 2006)

As expected, after long talks and consultations, the process of decision making about the draft of the bill titled "Removal of Obstacles to Manufacturing and investment" started in the Industry and Mines Committee of the parliament. The most important section of this bill ... is to amend and modify some articles of the Employment Act to the detriment of the workers, in the framework of the International Monetary Fund (IMF) prescriptions. An important point to make here is that for amending the Employment Act and violating the workers rights, this time through a legal process, the ruling reactionaries have chosen such a path that will lead to their target in the shortest possible time and with the best possible resources. According to the Article of the constitution based on which this bill is being introduced, in some cases, the Islamic Parliament can delegate the discussions and reviewing of some bills to particular committees and the ratification of these bills in these committees legislates them. These bills will then be sent to the Guardian Council directly and the parliament can only decide on the grace period to implementation of these bills.

Once the review of the "Industry and Mines Committee" of the parliament started – and with a noticeable rush - the Supreme Bureau of the Employers' Trade Associations warmly welcomed this bill and declared its support for it.

At the same time, the ex-vice president of Tehran Chamber of Commerce, in an interview with Iranian Labour News Agency stressed that "engaging into amending the Employment Act in the form of this bill ... shows the position of the 'Industry and Mines Committee' in favour of the bill to modify the Employment Act. When the Minister of Labour tabled the amending and reviewing of the

Employment Act, supporters of amendments expected to see their wishes come true as soon as possible, but it was proven in reality that convincing the supporters of this act necessitates a special manoeuvre that is beyond the limits of the Ministry of Labour." The recent action of the 'Industry and Mines Committee' is exactly the manoeuvre that the reactionary forces have used to amend the Employment Act in favour of big capitals and the major traders.

By comparing this bill with the bill prepared by the Ministry of Labour it is clearly seen that the main articles of both bills about the workers issues are almost identical. The similarities between the two bills are as follows: reduction of the employer portion of the insurance premium, the right to unilaterally nullify the employment contract by the employer and legalizing the lay-off of individuals or groups of workers without any legal hassle, closure of manufacturing plants in the context of the anti-national plan of restructuring of these plants and removing any limitations for the capitalists and of course for the multi-national corporations, eliminating the role and function of the workers trade unions in monitoring the policies governing the relations between workers and the employers, legalizing the temporary contracts, and others.

As such, the violation of workers rights over the pretext of reforming the Employment Act has entered a new stage, i.e. implementation stage...On the other hand, opposing this anti-labour bill, the ex-president of the Supreme Council of the Islamic [Labour] Councils stated that "In this bill, we can see the foot prints of the 'Minister of Labour' and his deputy. The designers of the draft copies of reforms to Employment Act and also this bill are from the school of thought, and intend to question the issue of job security of the work force and 'legalize' the massive lay-off of workers. The 'Industry and Mines Committee' action is to follow the goals of 'Minister of Labour'. In a country where we want to develop the industrialize economy and to implement social and economic justice, these views are questionable. This bill affects a

great spectrum of the society and benefits the state employers."

One part of this bill deals with the proposal to pay 30% less than the wage established by the "Supreme Council of Labour" to apprentices, and young workers, who are employed in manufacturing or service sector. That means that if this bill is passed, thousands of young workers will be forced to work with lower wages. Furthermore, massive lay offs with no legal repercussions will follow and there will be no chance of going back to work even through filing complaints, and despite the rulings of judiciary officials in favour of the workers. The maximum pay to the workers will last only 24 months where 1/3 of it will be deducted for the unemployment insurance, which means the workers, and not the employers, pay the cost of the unemployment insurance.

The bill to 'Remove the Obstacles to Manufacturing and Investment' is part of the general plans and policies that the regime of Supreme Leader (Velayat-e Faqih) is implementing in the context of its socio-economic orientation in line with the prescriptions and orders of the World Bank and the International Monetary Fund (IMF). This extremely anti-labour bill will ruin the job security of the working class and other toilers of our nation, and should be fought and opposed with all means possible.



ALL TOGETHER TO FORM ANTI-DICTATORSHIP UNITED FRONT, FOR FREEDOM, PEACE, SOVERNITY, SOCIAL JUSTICE, AND TO REJECT "VELAYAT-E FAQIH REGIME!"