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International Dept. Address: BM Box 1686 London WC1N 3XX

Fax: (Berlin: 324-1627) (London: 208-392-2653)

e-mail: mardom@tudehpartyiran.org - **URL:** <http://www.tudehpartyiran.org>

Economic Neo-Liberalism: Iranian Regime Implements IMF's Blueprint

(Editorial of "Nameh Mardom", Central Organ of the Tudeh Party of Iran No. 873, 18th July 2011)

The political split within Iran's theocratic regime continues to intensify. This is due to the direct conflict and rivalry between the factions that represent political – economic interests of parasitic large scale capitals. The extent of the disputes is such that the establishment has not yet been able to regain its composure. The Revolutionary Corps is of one the centres of concentration of grand capitals. Under the pretext of defending the theocratic regime the Revolutionary Corps ever more intensifies the factional division within the political arena. But, on the other hand there is a broad unanimity between the rivals when it comes to implementation of harsh neoliberal economic programmes by the Ahmadinejad administration. Suppression of trade union activists, rampant privatization, elimination of subsidies in order to unleash market prices and imposing austerity measures continue unhindered with full collaboration of these rival factions.

On the international scene there is hardly a mention of the inhuman consequences of Iran's economic crisis – this is despite setting off another round of disputes over Iran's nuclear case, the Western countries'

sanctions and the escalation of political conflicts with Iran's regime over the issue of its interference in Syria's crisis. Why? Because in line with the International Monetary Fund's prescriptions, Iran's capitalist Economic Base is rapidly reorienting towards an "unregulated market" through the harshest "economic shock" programme.

Recently an IMF mission led by Dominique Guillaume visited the Islamic Republic of Iran from May 28 to June 9, 2011. The mission's concluding report showed that global capitalism commends and supports the elimination of subsidies and the "transformation" policies pursued by Iran's theocratic regime. The ruling regime's propaganda machine deems the well-timed, positive and friendly IMF report as proof of the government's political success and the necessity for its austerity measures. The IMF report was widely publicised by the regime across the country, in contrast to the opportunistic rhetoric constantly ranted by the "Supreme Leader" and Ahmadinejad to proclaim the west as "World Arrogance" and capitalism as bankrupt. They even go as far to claim that they are capable of solving the world's socio- economic problems.

It is notable that the regime prevents a visit by Ahmad Shaheed, UN Special Rapporteur for Human Rights in Iran and denounces the visit as foreign interference and conspiracy. But while welcoming the recent IMF mission and upholding its generous commendation as very important, it continues to pursue the most extreme right-wing capitalist economic prescriptions developed by the "Chicago School".

The recent IMF report highlights the degree of commitment by the regimes' economic programmes to implement an "unregulated market", i.e. supporting the rich, private investment incentives and passing the economic burden to the working people. Elimination of state subsidies is one of the key components of the "structural economic adjustment" that is emphasised by the IMF. Therefore the IMF rightly praises the economic program of Ahmadinejad's administration, stating that *"maintaining macroeconomic stability in the near term through coordinated and adequately tightened monetary and fiscal policies is essential to preserve the benefits of the subsidy reform"*. The IMF's report in recognition of the regime's efforts in shoring up capitalism and "free market" foundations reads: *"the recent strong performance of the stock market largely reflects high international commodity prices and Iran's large-scale privatization program, which has contributed to the development of a shareholding culture. The mission underscored the importance of the ongoing banking sector reform program embodied in the 5th Five-Year Development Plan to strengthen the soundness of the financial sector."* The use of terminologies such as *"large-scale privatization program"* and *"shareholding culture"* in the IMF's report is an explicit reference to the most important mechanisms of promoting the pivotal role of the "market". Perhaps the most preposterous part of the statement by the IMF mission is where it reveals the nature of capitalism in Iran's theocratic regime: *"The mission also reviewed developments in Iran's financial sector, which has been a key driver of economic growth. Iran has the largest Islamic financial sector in the world, with a deep banking sector, and rapidly growing financial markets"*. Here, the IMF, whose policies are directly influenced by transnational financial capital is knowingly supporting and praising its own breed, i.e. the highly unproductive and corrupt financial bourgeoisie. The IMF's statement

shamelessly adopts the theocratic regime's propaganda to legitimize the parasitic "financial sector" of Iran by branding it as "Islamic".



The IMF is the most vital pillar of global capitalism with an agenda to promote the latest profiteering methods based on "market economy", therefore reflecting on the IMF's conclusion about Iran's current situation is very important. This is because based on Ahmadinejad's populist slogans and his (broken) electioneering promises, some assessments in Iran and abroad, knowingly or otherwise consider his government as "economic interventionist" and Iran as a "state run economy". It is understandable why such wrong conclusions may be reached. The regime's diplomatic activity and its massive propaganda inside and outside Iran painted Ahmadinejad as an anti-capitalist personality. However, in his frenzied speeches, Ahmadinejad has never offered a concrete alternative to capitalism. Hence, it is not surprising if the government of Iran develops friendly ties with the IMF and its "subsidy adjustment" project is rewarded with a good mark by the maestro. The right-wing analysts and unyielding advocates of a pure "free market" resort to unfounded yet hyped arguments to shrewdly push the economic plans of the government further towards a "free market". For example, some base their arguments on Ahmadinejad's close relationship with the governments of

Venezuela and Bolivia and even portray him as a leftist. A glance at the economic programs of Venezuela and Bolivia which have never been praised and will not be, by the global capitalism, reveals that because of their anti-neoliberal economic orientation they were the target of tremendous pressure by the George Bush administration. In spite of the fact that Chavez and Morales were both democratically elected by their people, they are both accused of violating freedom. But the economic program of the sham and repressive government of Ahmadinejad is praised. The close rapport of Venezuela and Bolivia with [Iran's] theocratic dictatorship solely revolves around their common enemy, i.e. the USA, which is an unacceptable approach based on the mistaken and naive notion of "my enemy's enemy is my friend".

The recent report by Dominique Guillaume has been assessed by many economic experts as very shallow, rushed and unfounded. This is because the previous IMF report in March of 2011, based on the reviewed statistics had drawn a very negative conclusion. It showed zero growth for the previous year and this year's forecast was very weak at only around 1% growth. But the latest IMF report, relying on a handful of official economic data in June 2011, suddenly changed its conclusions to a very positive outlook. As usual, the IMF report pays no attention to the factors relating to Human Development Index. It is devoid of any indicator measuring inequalities and poverty (e.g. Gini coefficient), systemic unemployment and under-employment. For instance, this report, without the slightest understanding of the reality of working people's lives and lacking any documented evidence, confines itself to this paragraph: *"the redistribution of the revenues arising from the price increases to households as cash transfers has been effective in reducing inequalities, improving living standards, and supporting domestic demand in the economy."* Even on the basis of capitalism's conventional criteria the IMF statement could only be deemed as a

deceitful fabrication. Rising inflation, currently at 16.7% quickly has eroded the real term value of the per capita cash transfer [approximately \$40 per month]. Due to inflation the real spending power of the government cash transfer has already dropped to \$39. Large groups of people are now unable to afford the increasing cost of domestic gas and electricity. During the last year people have experienced on average a 20% rise in residential rent. Various reports show that the unemployment rate of 14.6% is rising and given the growing rate of bankruptcies in industry, the unemployment rate is bound to increase. Numerous credible reports reveal a growing systemic poverty, an increasing gap between income and prices and growing malnutrition.

Even with the implementation of a distorted version of a neoliberal economy our society is experiencing similar destructive consequences that have been inflicted by this economic formulation around the world. These have ruined peoples' lives due to the pivotal role of private grand capital and profiteering. The reality is that since the start of what Ahmadinejad has dubbed as the "great economic surgery", a wide spectrum of working people, unemployed and under-employed have been left unprotected from the sacred "supply and demand" law of the market. This is one of the fundamental pillars of neoliberal economic formula. It considers downward pressure on reducing the price of the labour force and promoting competition among individual workers as a necessary component of creating a "flexible labour market".

Ahadinejad's coup government has for a long time refused to publish the [true] national economic statistics or has deliberately released conflicting figures. This is because many of the key goals of its fiscal discipline and monetary plans have not been achieved and apparently the state's treasury is empty. In Iran everyone

knows that the official statistics are essentially unreliable and are a means of inter-factional rivalry. Many high-ranking authorities and even the parliamentary reports deem the official figures released by the government as unreliable. Therefore, perhaps the most important part of the recent IMF report that questions its credibility and makes it worthless is when it implies "sincerity" in its closing paragraph: *"The mission team would like to thank the Iranian authorities for their hospitality, as well as constructive and open discussions."* The degree of the IMF's dishonesty is revealed here, its only central goal is to push Iran's ruling dictatorship further towards the "market economy". Ahmadinejad's illegitimate government is seen by the IMF as a deceitful servant of [its] project yet a talented student that is given a pass mark. To comprehend the IMF's hypocrisy, it should be reminded that this is the same organization that in order to justify the failure of "European Economic Union" project and to impose austerity measures on the Greek people, suddenly accuses Greece of corruption and falsification of its national economic statistics. This is when during the last 2 golden decades of preaching and imposing "free market" and "globalization", all kinds of financial illegalities and fictitious economics statistics by the governments, financial corporations and banks were overlooked. These were even encouraged in the name of "innovation in wealth creation" and "risk taking". Therefore the political objectives of this hasty and unrealistic IMF report on Iran are highly questionable. This becomes more significant as the ruling dictatorial regime is faced with growing internal and external political problems. In particular, its harsh economic programmes have been completely discredited in the public eye. Its sole response to the people's essential material needs and their protests is to heighten suppression, intensify the security and militaristic atmosphere, using religious and superstition deceptions. Clearly the objective

of the IMF report is to encourage and give credibility to the regime's effort in implementing strategic policies towards a "free economy". At a time when the theocratic regime is faced with a deep political crisis and is under pressure from all directions, the global capitalism is attempting to reinforce and expand economic neoliberalism in Iran by lending support to the regime's economic plans. The prevailing political oppression in Iran is also considered an advantage in this regard. The recent flattering IMF report effectively helps to perpetuate [Iran's] ruling dictatorship. This clearly shows that the economic neoliberalism has nothing to do with freedom and democracy. It is worth noting that the experimentation with this economic model in Chile [1972] under the instructions of Milton Freedman and Fredric Hyke was made possible thanks to the power of the coup d'état and suppression.

This is precisely the threat that the Tudeh Party of Iran has been warning against for many years as one of the most important weapons of imperialism to meddle in our country. We emphasize that the central goal of Imperialism and the inherent reason for its existence are to pave the path for profiteering by extending the influence of large scale capitals, gain access to natural resources and the consumer markets of countries like Iran.

Now among the key means of Imperialism are Globalisation, promoting and imposing a free market economy along with a "market-oriented superficial democracy" instead of real democracy ensuring social justice. It is on this basis that during the last 2 decades our party has consistently assessed Iran's theocratic regime's steady orientation towards economic neoliberalism – the very model that Ahmadinejad's coup government is ramming down people's throats in Pinochet style, as a major threat against working people and national interests. Therefore, it is very

important that the popular movement for democracy and against the ruling dictatorship clearly puts in its agenda the rejection of IMF driven economic programmes.

Trade Unions Continue the Fight!

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Despite the difficulties stemmed from the repression and prosecution of the trade union activists in Iran, activity of the independent labour trade union and organizations has had positive and vital impacts on the nation's labour movement and the political atmosphere in the society. The struggle of these organizations has had an indisputable role in development and growth of the workers' protest movement. Therefore, continuation of the struggle of the independent syndicates in the current phase is deemed very important.

Related to this matter, some time ago the board meeting of the Haft-Tapeh Sugar Cane Company Syndicate was held. According to a statement released about the matter, the meeting of the Board of Directors has concluded successfully, with emphasis on "restoring collective action". The statement of the Board of Directors reads: "In the meeting all the Board members were present... After discussions and deliberations about the current status of the Syndicate and the urgent problems in hand, including the return to work of the dismissed Board members, the meeting held the election of the Board members... During the discussions about the elections, a

proposal was tabled with regards to changing of the Board's approach and establishing a collective action instead of electing a president for the Board. The new proposed method will allow the Board of Directors to do their job with more unison and harmony, and allows for an equal participation and accountability among all the Board members. This proposal received the unanimous approval of the Board of Directors of Haft-Tapeh Syndicate."

At the end, the statement points out: "The Board of Directors... hopes that with the new formation, it would be able to act more effectively and stronger for the interests of the workers of the Haft-Tapeh Sugar Cane Company, and fulfil its duties in Iran's labour movement with a greater strength."

In the current critical situation and considering the economic deregulation and elimination of subsidies, and the impact of this anti-people policy on the rights and interests of the working class and other working people, the duty of labour unions is of utmost importance, especially in organizing uncoordinated and scattered protests. Explaining and exposing the anti-people socio-economic plans, particularly the elimination of the subsidies, by the independent and true labour organizations, including the Haft-Tapeh Sugar Cane Company Syndicate, can help enhance the level of organization and solidarity in the labour-syndicate movement of the country. Tudeh Party of Iran resolutely supports the unrelenting struggle of the labour organizations and unions. We have always fought and will continue fighting shoulder to shoulder along with the working class and other working people for their political and trade interests●

Struggle to Preserve Jobs and to Abolish Temporary Contracts

(From Editorial of "Nameh Mardom", Central Organ of the Tudeh Party of Iran No. 871, 21st June 2011)

Working people and working class have been under ever increasing threat and devastation. Official statistics indicate that with the spread of temporary contracts within the context of the program to eliminate subsidies and to reform the Labour Law, the job security of the working people has decreased to less than 10 days.

The struggle to preserve job security and restore union rights is part of the Iranian working class fight against the anti-popular socio-economic programs carried out by the theocratic regime of Iran. Combining this urgent trade demand with other political demands and goals such as rejecting the theocratic despotism, at this point in time could become a decisive factor in elevating the struggle of the working class movement in Iran.

After months of discussion, authorities of the Ministry of Labour in the anti-national government of Ahmadinejad released the draft of the Labour Law Reform to the High Commission of Labour for final decision and stated that when the draft is amended and finalized, the reformed Labour Law will be published within two months. On this occasion, Mehr news agency reported: "After writing up four different drafts on Labour Law reforms in the Ministry of Labour and Social Affairs without taking into account the opinion of workers and employers, there were some concerns raised by these groups. But a new order by the Ministry, and exchanges of letters between the Ministry and labour and employers' organizations following that, suggest that those concerns and ambiguities have been resolved to some

extent... The Ministry order has requested that both parties submit their comments about the Labour Law reforms."

The draft of the Labour Law Reform has been introduced at this particular point in time for a reason. This draft is an indispensable part of the Economic Development program and elimination of subsidies and that is why it should be analyzed in the context of current free-market economic policies. It is important to also mention that none of the independent labour organizations or institutions critical of Ahmadinejad government was consulted. Minister of Labour communications was only with Islamic Labour Councils and Islamic Associations none of which has ever been true representative of the working people. Furthermore, Minister of Labour has openly announced the main objective of Labour Law reform which is to remove all "obstacles" in the way of "investors' activities" and to encourage and attract foreign capital investment. At the same time as discussions and speculations about the draft of the Labour Law Reform, we are witnessing that certain groups tied to Ahmadinejad government and the ruling reaction are actively making special plans regarding the rights of temporary workers. These hyped activities and propaganda are merely preventive measures by reactionary rulers against the growing oppositions and discontent of workers with regard to the spread of temporary job contracts, which directly ties to the critical issue of Labour Law Reform. One of the main pillars of the Labour Law Reform is to eliminate

collective bargaining and contracts and to establish and "legalize" temporary contracts with the goal of providing cheap and obedient labour for grand-capitalists. We have not forgotten that two independent labour organizations, i.e. Vahed Company



workers union and the founding board of Mechanic Metalworkers union issued a joint statement in Dec of 2010, in which condemned the attempts to reform Labour Law and correctly reminded that "In the Reform bill, the consent of the workers and employers has been mentioned for reduction of investment costs. How is it possible that employers with all their resources could negotiate and reach agreements about matters such as wages, insurance and other benefits in level field with workers who have no resources, not even their union? The bill also mentions about elimination of collective contracts and minimum wages... Working class states that temporary contracts have to be abolished not modified. The reform bill is even more generous to employers and talks about daily and hourly work contracts."

Grave dissatisfaction about the spread of temporary contracts has frightened anti-national government of Ahmadinejad and the spectrum of the ruling reaction and some deceiving motions in regards to "necessity to review contract workers" are due to this concern. The ruling reaction, on one hand, in the Reform bill "legalizes" and "legitimizes" temporary and blank-cheque contracts, and on the other hand, with lies and deceits talks about the necessity of supporting contract workers! Providing services, discount tickets for sport events, and other promotions like this for contract temporary workers is not the right answer to the workers' demand to abolish temporary contracts. ILNA news agency, on May 18th, reported "Entertainment and pilgrimage services all around the country have been provided for members of temporary and contract workers union." Can the demand to abolish temporary contracts be ignored and the dissatisfaction and opposition of the workers be overcome by offering such services, even if they were real? The answer is absolutely No! The struggle of working class and other working people to rescind temporary contracts has deep roots and in fact is part of the struggle of the working people against privatization and socio-economic orientation

of the theocratic regime of Iran. Temporary contracts are the result of the privatization program that became official in the 1990's during to economic adjustment program, and every government since then has followed the same path. An article by ILNA news agency on May 12th on this subject clearly shows the cause and consequences of these temporary contracts. It is also an obvious acknowledgement of the grave discontent among working people against these contracts which is rightly dubbed as slavery yoke. ILNA points up: "What has been happening during ceding of factories to private sectors is nothing less than abandoning and giving them away... the main issues of the workers of these ceded factories are temporary contracts, low wages, and lack of purchasing power... 85% of the workforce work with temporary contracts... Most of them are young workers who are not paid the legal wages and have no job security... Nowadays in the country, job security has reduced to less than 10 days..."

The struggle against free market economy, elimination of subsidies, and privatization is not separate from the struggle to abolish temporary contracts. This urgent trade union demand cannot be achieved without organized struggle and restoring the union rights. Thus, relentless and enlightening action along with attention, clarity and consistency among the masses of workers in shops, and small and large factories would be very important and effectual. This urgent and just demand has to be tied with the political demands of the working class. Only and only in this condition, the workers and trade union movement of our nation would be able to achieve its trade and political demands appropriate for each specific phase of the all-people movement against dictatorship and nullify and defeat grand-capitalists assaults under the support of theocratic regime ●
