

## SOME ECONOMIC IDEAS IN SANCTION TIMES IN HISTORY OF IRAN

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Iran is a country in west of Asia. With over 81 million inhabitants Iran is the world's 18th-most-populous country. Comprising a land area of 1,648,195 km<sup>2</sup> (636,372 sq mi), it is the second-largest country in the Middle East and the 17th-largest in the world. Also Iran's GDP is \$ 438.3 billion and \$ 5383 per capita, the currency in Iran is Rial but the prevalent currency that people use is Toman that worth 10 Rials. In Iranian calendar now we are at the year 1397 [1].

In 1329 about seventy years ago with the help of Mohammad Mosaddegh who had the most vote in the parliament and later became the prime minister of Iran Nationalization of the Iranian oil industry happened, after many struggles between Parliament, people, religious leaders and Government, Britain company and somehow Britain government.

Iranians believe it as a great victory and celebrate this day until now but it was not all of the story from 42 years ago and discovering the oil industry Britain companies always had the most powers of Iran's oil, so sanctions from them was the least consequences that could happen, even some people predicted of war..but good relationship between the National Front of Iran and their leader Mosaddegh and USA stopped this.

From 42 years ago even with knowing that most of the profit and power of oil industries in Iran was in hand of Britain companies Iran's economy changed from an agricultural country to a single product country that majority of exports and incomes of government based on oil. Iran also was the first country in middle east which had oil industry. Now with sanctions and without Britain professionals labor oil production completely stopped.

The government discovered that they will have lack of incomes about 3.5 billion Rials it meant 38 percent of the predicted budget for 1331 was lost. So Mosaddegh as prime minister and his government had to find some solutions for this lack of money and income in the country.

So government decided to increase the tariffs of 43% of products that import to country by 71%. And most increasing tariffs belonged to luxury products, of course it decreases of imports but helped the government in total. Also some products like tea, sugar, opium and tobacco was as a monopoly in government authority. But it was not still enough so government decided to sell oil with governmental bonds, Mosaddegh talked to people from radio and also religious leaders encourage people to support him.

The conditions were that from the start of the second year it the prize will start and after two complete years' people can sell it back to government instead of taxes or tariffs, the first ten days were good but after government could sell only 25 percent of bonds and this solution failed many people didn't have money and were poor to think of investments and rich people were not fan of his democratic ideas also the interest of those bonds was not enough to encourage them. Also Tudeh Party of Iran (communist party in Iran) which had really big influence in poor community told that Mosaddegh is tricking people and by showing people we have lack of money want to take loans from USA and make their influence more in Iran [2]. Finally, in 1332 USA start a Coup d'état in Iran in benefit of the king and Mosaddegh arrested and all his cabinet end in jails or hanged by king and himself exiled to a village until he died. And by end of his government sanctions were gone. He is still a hero in most of Iranian people's eyes.

Sanctions stopped for years and king and his prime ministers and cabinet had a good relationship with USA and European countries but in 1357 and after the Islamic Republic revolution everything changed again, Religious people with motto of “no to east and no to west” didn't want a good relation with USA or USSR, They wanted to make their own Islamic way and not follow the policies of these two big powers, and try to make everything national and Islamic as possible, for years even in the time of the king Iraq and Iran had many problems in their borders and potential of war was always high between them and the war started in 1359.

Any of the policies in this new republic and other countries caused Iran many sanctions again specially in military powers, so much of inside fights between different groups and different believes that caused that the first president who was chosen ran away from the country to France and the second president and his prime minister assassinated by bomb and many other revolution leaders. So country was in one of the worst situation possible the third government decided to use coupon like a Russian way to control the economy in war, it started from the year 1359 and until 1389 you could still find this system in Iran maybe not as important as it was in the first decade but coupon used in our country for thirty years.

First they decided that ten important products can be include in coupon system, including: cooking oil, sugar, rice, cleaning product, soap, cheese, butter, chicken meat, eggs and red meat. Later some products added and in total they said 22 product included in this system, many large lines of people waiting to get products is the picture that remained in people's memory from those days. With these ways that government could control the inflation in the time of war and also be sure that most of the people will have the basic needs of the market still there are some critics to those policies [3].

Some political groups find it following the communism and their thoughts or say that there were no economy improvements on those times. But in total it seems with those sanctions and war it was a successful management that happened.

Later also we had some sanctions and recently one government decided to use subsidy for financial help to people but it made big inflation because the government couldn't decide that which people deserve this money and people didn't accept to government remove them from the lists so president decided to give this money to everyone but they couldn't balance the budget anymore and it removed the balance of our currency and dollar become 3.5 times more expensive , government asked many times that people themselves quit from receiving the money and also many religious leaders advertised for that but only just a few people accepted this about 1 percent only so this system failed also they decided to mix some ministries to decrease the expenses of the government but in total the government had a big failure in economy. And they decided to use personal companies for selling the oil but many corruptions caused that billions of dollars never or very late come back to country.

Recently Iran faced really big wave of sanctions and government decide to use stocks to sell oil but still there are so much they must do and I think it will not work also the dollar again become between 3 to 5 times more expensive again and the power of our currency is something that needs to be sustainable if the government want to don't fail in economy again. Also it seems government is thinking about coupon or product baskets again to use this solution.

But maybe you ask why the coupon system that was so old and maybe not a pleasant one is the one that was most successful till now? I think has two reasons "tragedy of the commons" and "corruption". Tragedy of the commons happens when each person only thinks about his or her own interest without thinking of the total system in bonds and Mosaddegh's story it happened and not so much people helped the government in canceling of receiving subsidy it happened again, and in currency problems many people without needs and just for selling dollars later more expensive bought dollar and removed the balance in demands and wants. Also in the war time and that government was so close to people and less corruption made people trust them more and become more patient and made them more successful than others.

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