

Bazaar merchants protest against government in Iran

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Hundreds of traders in Tehran's bazaar closed their shops for three days last week protesting the government's economic measures and the plunging value of the Iranian rial, which has lost almost half its value in recent months. The strikes and protests spread to other cities.

Protesters demonstrated outside the parliament shouting, "Death to the dictator" and "Death to Khamenei and Rouhani," as they did six months ago. But unlike the wave of anti-government protests by unemployed youth and impoverished workers that swept across Iran beginning December 28, these recent and smaller protests were organised by the bazaris—the wealthy merchant class that brought the bourgeois Islamic clerics to power and have been their main support base since 1979.

The regime has responded thus far with kid gloves, making few arrests. This is in sharp contrast to the earlier strikes when the regime mounted a brutal crackdown, killing more than 20 people and arresting hundreds more. Dozens of those arrested are still awaiting trial, while others have received heavy sentences.

The latest strikes reflect sharp tensions and divisions within the regime due to the developing economic crisis inside Iran. President Hassan Rouhani, re-elected for a second term in May of last year on the basis of building relations with the US and Europe via the nuclear accord, faces furious opposition from the conservative faction of the ruling elite who had opposed the nuclear deal with the US.

His "reformist" supporters are no less frustrated with his failure to deliver the much-vaunted economic reforms and the promised prosperity after signing the nuclear deal in 2015 and releasing opposition leaders Mir Hossein Mousavi, Mehdi Karroubi and Zahra Rahnava from house arrest.

Under the Joint Comprehensive Plan of Action (JCPOA), signed with the US, Britain, France, Germany,

China and Russia, Tehran agreed to drastic curbs on its nuclear programmes in return for a step-by-step easing of international sanctions.

Since coming to power in August 2013, the Rouhani administration has accelerated privatisation and slashed social spending. The aim of these anti-working-class austerity policies was to woo European and hopefully US investment. To this end, it rewrote the rules governing investment in the oil sector to satisfy Total, Shell, Eni and other European energy giants.

This was set to continue with the further privatisation of education, the gutting of welfare support for the poorest Iranians, the increase in gasoline (petrol) prices by as much as 50 percent and a \$3.1 billion reduction in infrastructure spending. However, the Rouhani government was forced to abandon some of these measures in the face of mass opposition by the working class. Rouhani and his First Vice President Eshaq Jahangiri have publicly criticised cabinet ministers to deflect public anger away from the government.

Any attempt to cut the defence budget or that of the Revolutionary Guards, who control a large part of the Iranian economy and whose budget has soared, would pit Rouhani against the military.

Industrial growth has been just 4 percent so far this year, down from 18 percent during the second half of 2017, and production levels have remained stagnant. Oil production is down from around 3,800 bpd in 2017 to 3,010 bpd this year, while the worst drought in 50 years is devastating agriculture and reducing the water flowing into the dams, leading to an expected 40 percent cut in Iran's electricity production. In March, farmers in Isfahan Province began demonstrating over water shortages.

At the same time, the ever-widening class divide means Rouhani—like his counterparts in Egypt, Turkey, Jordan and elsewhere in the region—confronts a working class, angry over poverty and social inequality. The official

unemployment rate is 12 percent, a gross underestimate; 50 percent of the population lives below the poverty line, and millions have seen their entitlement to subsidies and welfare removed or slashed.

Even before US President Donald Trump unilaterally abandoned the nuclear deal, re-imposing punitive sanctions and secondary sanctions on countries trading with Iran, members of parliament were calling for Rouhani's impeachment. Legislators have demanded he resign or dismiss his economy ministers and economic advisors.

There is even talk in media outlets supportive of the regime of calling for early presidential elections and/or installing a military man such as Qassem Soleimani, the commander of the Revolutionary Guards Quds Force, as president, should strikes and protests get out of control.

While hardline forces initially organised the demonstrations that broke out in Mashhad in December, the protests quickly burst out of their control, and there are fears that this could happen again.

Washington's plans to re-impose curbs on Iran's ability to buy US dollars, along with any global trading in Iranian gold, coal, steel, cars, currency and debt, will hit every aspect of Iran's economy, although agricultural products, medicines and medical devices are supposedly exempted.

The US announcements have pushed up world oil prices and hit the Iranian economy hard. Oil sales generate 60 percent of Iran's export income and underpin the government's finances. The rial fell to around 90,000 to the US dollar, forcing the government to take emergency measures. These include the allocation of hard currency at the preferential rate of 42,000 rials to the dollar largely to importers and basic commodities and bans on more than 1,400 imported goods, including cars.

Many importers have been selling their cut-price dollars on the domestic market rather than using them for imports, while others are selling their goods bought with subsidised dollars at inflated prices, provoking widespread anger on the part of shoppers.

According to *Middle East Eye*, journalists reported that several of the importing companies believed to be profiting illegally were behind the bazaaris' strike and protests, sending agents to intimidate store owners to close.

Washington's ostensible purpose is to put pressure on Iran to accept a far more stringent agreement that would curb not only Iran's nuclear programme but also its broader political activities across the Middle East. But ultimately the US is seeking regime change, with

Secretary of State Mike Pompeo hinting strongly last May that the Iranian public could take matters into their own hands. National Security Adviser John Bolton is reported to have told Trump that increased US pressure could lead to the regime's collapse.

While the European powers party to the JCPOA are opposed to the US scuttling the nuclear deal, and the European Union is preparing to reactivate a law that would prevent European companies from complying with US sanctions against Iran, many firms that had signed deals with Iran, including Airbus, Boeing, Hyundai, Mazda, Peugeot, Citroen, Total and ENI, have already started pulling out.

Adding to the pressure, the Financial Action Task Force, a Paris-based global intergovernmental organisation linked to the OECD that focuses on anti-money-laundering and countering financing of terrorism, has demanded that Iran complete reforms by October to conform with global standards. Failure to do so would enable individual states or international institutions to impose sanctions.

Rouhani has sought to enhance Tehran's links with China, Russia and India. Speaking at the Shanghai Cooperation Organisation summit meeting held in Qingdao in China's eastern Shandong province in June, Rouhani said that Iran would like to become a full member. He called on its leaders to confront the US, saying, "The US efforts to impose its policies on others are expanding as a threat to all."

He also held meetings with the Indian and Russian presidents and later Chinese President Xi Jinping, signing four agreements including one involving Iran's role in China's "One Belt, One Road" initiative. Last year, trade between the two countries reached a record \$52 billion. China and India are already two of the biggest purchasers of Iranian oil and have indicated that that will not change even with the new US sanctions.



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