

Triple shock of US sanctions, oil price collapse and the pandemic decimates Iranian living standards

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Iranian workers and their families are reeling under the combined impact of US sanctions, the oil market collapse and the COVID-19 pandemic.

Iran's GDP had already fallen by 6.8 percent in the financial year before the pandemic-induced recession took its toll, as oil revenues halved following the expiry of the Trump administration's short-term waivers of sanctions on those countries importing Iranian oil.

The Trump administration's punitive sanctions were imposed in 2018, after the US scuttled the 2015 Iran nuclear accord, with the aim of crashing its economy and provoking "regime change." The sanctions effectively bar Iran from selling its oil—the lifeblood of the Iranian economy—causing crude oil production to fall to its lowest level in 40 years and oil storage facilities to be filled to capacity and depriving the government of a major source of its revenues.

Just five days before leaving the White House, President Donald Trump expanded Washington's punitive sanctions to other key industries, including Iran's marine, aerospace, aviation and steel sectors.

Revenues fell even further in 2020 following the global oil market collapse, with oil production now less than 2 million barrels per day, about half that in 2018. This contraction, expected to lead to a further 3.7 percent decline in GDP for 2020-21, comes in the wake of a decade-long decline in per capita GDP income. Iran's currency, the rial, has lost 43 percent of its value against the dollar.

This, together with years of austerity imposed by successive governments with the support of all factions of Iran's political establishment, has led to inflation rising to 46 percent, mass unemployment, with a devastating impact on household budgets as the cost of food and housing soared, and ever-deepening social inequality,

with the Gini coefficient of inequality reaching 35.6, according to the Iran Economic Monitor.

These rising living costs have eroded wages, driving many young people out of the city centres where rents are high into the outer suburbs, satellite towns or back to their families in the impoverished rural areas. They have decimated the value of the government's cash transfers to those with little or no income, despite an increase announced last autumn.

At least 55 percent of Iranians are poor, with half of these living in extreme poverty, a five-fold increase since the reimposition of US sanctions in 2018, because wages are totally inadequate to meet their basic needs.

Last November, a video went viral on Iranian social media showing Bandar Abbas municipal officials demolishing a single mother's rickety shed, erected without a permit. The destruction of the shack that was home to herself and three children, one of whom is disabled, drove 35 year old Tayyebeh to attempt suicide by setting fire to herself, by no means an isolated phenomenon. The furore that followed forced the municipality to pay for her hospitalisation and local commanders of the Islamic Revolutionary Guard Corps (IRGC) to offer to build her a home if the city provided the land, although such promises are rarely fulfilled.

Illegal construction is widespread, but the authorities routinely turn a blind eye to the business tycoons and officials involved in such projects, while declining requests for homes and demolishing the illegally constructed shacks built by homeless families. It highlights the reactionary character of the clerical regime that has escalated its attacks on the working class as it has sought to reach some accommodation with the imperialist powers.

Iran has been hard hit by COVID-19, with more than

1.41 million cases recorded along with nearly 60,000 deaths, numbers—widely believed to be a gross underestimate—that make Iran the worst affected country in the Middle East.

This is in large part because of the devastating impact of decades of US sanctions on the country's health care system, preventing Iran from obtaining medicines and supplies to treat coronavirus cases, cancer patients, and other deadly diseases. But fraud, mismanagement and profiteering by Iran's pharmaceutical companies are widespread, with multiple reports of the hoarding and stockpiling of vital medical supplies, even as officials call on an enraged public to cut down on their doses.

Like its counterparts around the world, the government has put the interests of big business before the lives of ordinary people and is now in the midst of a third partial series of restrictions, including night traffic curfews imposed by a massive police operation, that have pushed more households into poverty.

Iran is unlikely to be able to begin a mass vaccination programme until the end of the year at the earliest. It has signed an agreement with the COVAX consortium, led by the Vaccine Alliance Gavi, the Coalition for Epidemic Preparedness Innovations (CEPI) and the World Health Organization (WHO). COVAX is one of the three arms of the Access to Covid-19 Tools (ACT) accelerator set up to ensure that all countries, including low-income ones, could acquire coronavirus diagnostics, treatment and vaccines.

This should provide nearly 17 million doses of the Pfizer-BioNTech vaccine at a cost of \$244 million or \$14.5 a shot for less than 10 percent of Iran's 83 million population, far less than the two-thirds needed to curb the spread of the pandemic. A further 21 million doses are to be imported from foreign manufacturing firms directly and the rest to be produced locally through joint ventures with other countries.

At the end of last year, following repeated claims by Iranian officials that US sanctions were preventing them from making payments to COVAX, Abdolnaser Hemmati, the governor of Iran's Central Bank, announced that the US Treasury's Office of Foreign Assets Control had finally approved the transfer of money to a Swiss bank to pay for the vaccines. Hemmati told state TV, "They [the Americans] have put sanctions on all our banks. They accepted this one case under the pressure of world public opinion."

Vaccination issue has become deeply politicised amid the growing popular anger over the Rouhani

government's mismanagement of the economy, the pandemic and the lack of vaccines.

There is a bitter factional fight within Iran's ruling elite in the run up to the presidential elections on June 18 and after the inauguration of President Joe Biden in the US, who had pledged during his election campaign to rejoin the 2015 nuclear accord between Tehran and the major powers.

The "hardline" faction around the deeply conservative Islamic Revolutionary Guard Corps (IRGC) is using the opportunity to attack the faction around President Hassan Rouhani who negotiated the agreement with the Obama administration. This takes place amid every indication that Biden intends to continue enforcing the "maximum pressure" campaign of draconian sanctions and military provocations that have plunged working people into poverty and destitution, while threatening to provoke the region into a calamitous war.

Ayatollah Ali Khamenei, Iran's Supreme Leader, has banned the import of vaccines from Britain and the US, leading the Iranian Red Crescent Society to refuse 150,000 vaccines donated by Pfizer. Speaking on television, Khamenei said, "Imports of US and British vaccines into the country are forbidden... They're completely untrustworthy. It's not unlikely they would want to contaminate other nations."

He also lambasted French-made vaccines, saying, "Given our experience with France's HIV-tainted blood supplies, French vaccines are not trustworthy either," referring the contaminated blood scandal of the 1980s and 1990s.

Speaking at a press conference in Moscow last week, Iranian Foreign Minister Javad Zarif said that Iran had approved Russia's Sputnik V vaccine and that it planned to import and produce it. Iran has signed an agreement with Cuba to collaborate on a locally made vaccine, while Shifa Pharmmed, an Iranian pharmaceutical company has begun human trials of the country's first domestic vaccine.



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