



*“Teheran is a monstrous, parasitical city, which by itself absorbs half of national consumption and outrageously burdens the state budget. We intend to depopulate it by creating manufacturing and agricultural units in the provinces.”*  
*Abolhassan Bani-Sadr*

# Iran's slow economic death

by Judith Wyer

Iran's once developing economy is currently undergoing willful destruction by the Islamic theocracy of Ayatollah Khomeini, whose aim is to transform Iran into an economic wasteland based on the Maoist Chinese model of “back to the land” agricultural self-sufficiency.

Both U.S. government and private business sources as well as Iranians familiar with the complexities of Iranian society concur that the so-called Chinese model, attempted in Cambodia by the dictator Pol Pot, can only succeed through a drastic reduction in Iran's population. The Pol Pot regime, which emerged from the same ideological currents as Iran's President Abolhassan Bani-Sadr, brutally reduced Cambodia's population from 7 to 3 million people. With a population approaching 35 million, imposition of the Chinese model policy on Iran implies an even more devastating atrocity than that perpetrated by Pol Pot.

Bani-Sadr told the French magazine *Le Nouvel Observateur* shortly after the February 1979 revolution that he hoped to impose a Cambodia style of economic planning for Iran. Bani-Sadr was careful to stress the fact that, unlike Pol Pot, he did not favor force as a means of depopulating the cities and building a mass agricultural labor force; he emphasized that Iranians must be “persuaded” to leave the cities. The persuasion to which Bani-Sadr is referring involves such severe crisis conditions in the cities that the population will accept as its

*A river of urine runs down a Teheran street. As slums proliferate and peasants have flooded into the city, all housing construction has stopped.*

“only alternative” labor-intensive rural employment.

The economic chaos which has left Iran's economy at a virtual standstill is not simply the result of infighting and confusion in the leadership of the Islamic regime. The collapse of Iran's economy has been calculated by the Western ideological planners of the Iranian revolution, principally the Club of Rome and the Aspen Institute, as a *phase* in the process of the Cambodianization of Iran.

As one former cabinet minister put it: “The U.S. and Britain any day could easily clean up the mess in Iran if the will were there . . . but it isn't, so every day that passes under this regime Iran dies a little more.” The same source estimated that even if a secular republican government were to take over tomorrow, it could require up to two decades to recoup the setback in development the Iranian economy has undergone over the last 18 months.

Since the revolution, Iran has become the new model for the developing sector as the paradigm of an anti-Western nation bent on economic self-sufficiency. If this policy is realized, Iran will revert to the economic cesspool it remained under British domination in the 19th century, when opium exports were the largest source of foreign capital. The Chinese-model economic program which Bani-Sadr professes is nothing but the policy for the developing sector as a whole formulated by the Club of Rome, the International Monetary Fund, and associated financial institutions. In this respect, Bani-Sadr's “economic radicalism” is essentially warmed-over British colonialism.

A Carter Administration source this week commented that while Bani-Sadr and Khomeini are "still committed to a rural based economy, they have met with unexpected resistance within the population." In the first six months following the revolution, he noted, "Khomeini tried to enact this ruralization plan but he backed off when he saw that he was not politically strong enough at that time to overcome his opposition." The problem facing the revolutionary government is that as it endeavored to "eliminate opposition" it continued to delay on its agricultural plan. As a result there has been a massive influx of rural peasants into the cities.

Now, observed a Middle East analyst, the hostage crisis has further complicated the situation, since the revolutionary government is looking for revenues from oil production and assistance from certain Western interests to aid in its ruralization plan. Neither are at present available. It is estimated that this year Iran's oil export earnings plus remaining foreign exchange will just cover the growing import bill for vital commodities. After that? A State Department source conjectured, maybe "the people will just have to be starved out of the cities."

### **Destroying the labor force**

Like the Pol Pot regime, Khomeini has made his first political target the elimination of the most advanced layers of Iran's intelligentsia and labor force through political persecution and outright execution. These are the individuals who were educated and cultivated to become what one Iranian source termed the "mind of Iran." A manifestation of Khomeini's political terror campaign has been a massive exodus of Iran's urban elite. According to a U.S. Department of Commerce source, as many as 6 million may have fled Iran since the revolution. The source characterized the exodus as a "disaster for Iran in which the guts of the country are being ripped out." Exiled Iranian sources dispute the Commerce Department estimate, putting the number of emigrants at somewhere between 2 to 3 million. The remaining educated strata are in any case increasingly excluded from what is left of business and government functioning and decision-making.

A Georgetown University professor with close ties to the Khomeini regime detailed this month a plan favored by Bani-Sadr to completely purge the Iranian government bureaucracy, which still contains remnants of staffing from the former regime as well as middle-class opponents of the Khomeini dictatorship, and install young radicalized college students. The source stated that Khomeini intends to force the "early retirement" of anyone employed by the government over 40 years old.

In line with this scheme, it was recently announced that beginning in September all of Iran's universities

will be closed, ostensibly to undercut growing restiveness against Khomeini. But the real story behind the closing has to do with utilizing the students as the shock troops of the "back to the land" deurbanization plan Bani-Sadr envisions. The Georgetown professor added that students will soon be conscripted into a new National Volunteer Service. The prime functioning of the NVS will be "to lead the march out of the cities," he stated, adding that "the regime is insisting that urban-born Iranians comprise the leadership of this movement."

Since his bid for the presidency earlier this year, Bani-Sadr has been the only political personality with a "program" for Iran's economy. This contingent of students pegged for the NVS has been subjected to years of brainwashing on Iranian and foreign campuses

## **The shutdown of Iran's oilfields**

It could take up to five years to repair the damage done to Iran's oilwells since the February 1979 revolution. This is the conclusion of both Western oil industry sources with knowledge of Iran's high-technology oil extracting system and of Iranians who worked for the National Iranian Oil Company (NIOC) before the revolution. At present Iran is selling daily a meager 200,000 barrels of oil compared with the 5 to 6 million barrels per day marketed internationally before the revolution.

The reasons for the precipitous decline in Iran's oil sales are both technical and economic. Lack of skilled management and labor to maintain and operate the fields means that at present Iran can sustain barely over 1.5 million barrels per day. Prior to the revolution, the NIOC had begun to install complex gas injection systems in the older wells to keep the pressure high enough to permit continued pumping. This procedure requires some of the most advanced technology in the oil industry, not to mention qualified technicians. Following the revolution, wells with this technology were abandoned. The pressure in those wells has decreased to the point where they may now be worthless.

Iranian sources indicate that many of the wells are silting up for lack of maintenance and new wells may have to be dug in order to resume production. Furthermore, Iran's entire oil industry was regulated by one of the most advanced computer systems in the world. This system has fallen into disrepair.

around a zero-growth anti-Western ideology coherent with Bani-Sadr's stated purpose of "creating a classless 20th century Islamic society."

Fifty percent of Iran's population is under the age of 19. It is the youth of Iran plus millions of illiterate Iranian slum-dwellers and peasants that make up the return-to-the-land movement. A recent article in *Ette-laat Javanan* noted one means by which the urban Iranian population could be "induced" to leave the cities. It recalls that during the medieval Abbasid caliphate, Iranian farmers who came into the cities for seed had their hands tattooed, and could then "be forcibly expelled by the authorities." According to Iranian sources, the Iranian press has now increased its propaganda campaign around deurbanization.

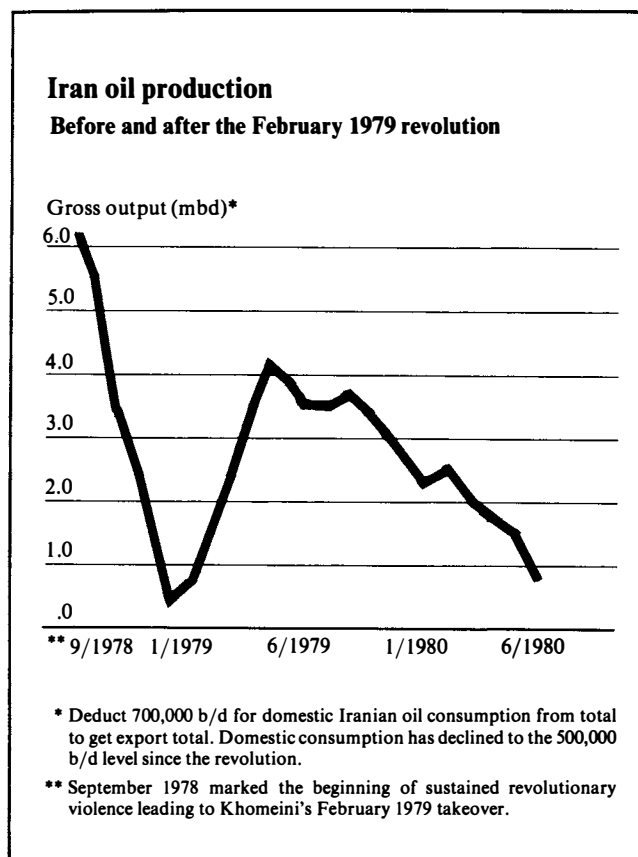
Conservative estimates put unemployment at well over 4 million. Educated city-dwellers and skilled laborers have turned to an increasing consumption of opium. This has occurred in part because the Islamic regime has banned alcohol, and because farmers are turning to cultivation of the poppy, which brings a high profit on both foreign and domestic markets. The *Washington Post* reported recently that there are at least 2 million opium addicts in Iran, with a major increase in addiction since the revolution. Law enforcement sources indicate that heroin addiction has grown as well in Iran. According to an Iranian recently returned from Iran, "the remaining literate and sensible Iranians feel trapped. Their own expectations are dimming and they are left with no alternatives but drug themselves. There was

The current low level of Iranian sales is also the result of exorbitant prices the Revolutionary Government has asked of its few remaining customers. Following a bid of \$35 a barrel this spring, Japan, one of Iran's top customers, walked out on contract negotiations. Royal Dutch Shell and British Petroleum followed suit. Another last-ditch customer, Rumania, stunned the NIOC earlier this month by cancelling a 66,000 barrel-a-day contract because Iran's price was considered too high.

Industry sources say that as a result of the sales falloff, Iran is quietly lowering its prices. This was confirmed last week when a number of OPEC oil producers began to raise their price commensurate with agreements reached at the last price-setting meeting. But Iran made no gesture toward a further price hike. Iran has increasingly become dependent upon oil sales to Third World and East bloc countries, transacted through bartering for needed vital commodities and foodstuffs.

According to a Washington source, Iran's controversial Oil Minister Ali Moinfar is "only a figurehead" for the real power that runs the remainder of the NIOC, Ayatollah Eshraghi, Khomeini's son-in-law. Eshraghi engineered the purge of former Oil Minister Nazih, who was responsible for the initial upturn in Iran's oil output beginning in March 1979. Nazih's ouster in October 1979 marked the high point in post-revolutionary oil output. Since then repeated purges of the NIOC staff have occurred. This week the Revolutionary Council purged another 500 workers and managers from the company.

The situation in Iran's oilfields has been further complicated by the increased violence in the oil-produc-



ing Khuzestan district. There have been countless instances of sabotage of pipelines. Moreover, spare parts urgently needed for the Abadan refinery are now in short supply, making questionable the future availability of needed petroleum products for Iran's own domestic consumption.

hardly any opium in the country before the revolution; now it is everywhere . . . it reminds me of what the British did in China in the last century. You look at that population, they just sit there and watch the country being destroyed, they become politically passive. This is what is happening in Iran."

Bani-Sadr reportedly favors the "China model" for dealing with the expanding opium plague in Iran. The government would administer small daily doses of opium to the addicts as methadone is distributed in the U.S., legalizing and taking over the lucrative black market of drug traffic both inside and outside Iran.

The first strikes by civil service workers erupted in Iran this week in protest against cuts in pay and benefits. Seven thousand employees of Teheran's water board staged a sit-in of the city water board's central offices after the workers were told that their housing allowances and other benefits were being withdrawn from their wages. Reuters reports that civil service workers in Iran are no longer receiving overtime benefits and in some cases are taking up to 50 percent pay cuts. According to American banking sources, Iran has adequate reserves to maintain the pay-scale of the state employed workforce. The sudden and drastic cut in pay, according to analysts familiar with Khomeini's deurbanization campaign, is aimed at "breaking" the public

sector. If the water workers remain on strike for long, it could create a crisis in Teheran, since many of the reservoirs are now depleted. Mid-July is one of the hottest months of the year in Iran.

### Industrial shutdown

Iranian industrial output is estimated to be at 15 percent of pre-revolutionary levels, with major productive sectors, notably mining, small appliances manufacturing, and steel production, at a near standstill. The London *Financial Times* reported June 25 that at the Alborz Industrial Park outside Qazvin, west of Teheran, only 14 of 125 factories are currently operating. Alborz was one of the former regime's most ambitious non-oil industrial development projects; the Shah is thought to have invested upward of \$20 billion in manufacturing in more than 200 ventures, the majority of which are now considered worthless.

Within six months after the Khomeini takeover, the collapse of major industrial development projects, including two large-scale nuclear power generating contracts with France and West Germany, was estimated to have cost advanced-sector investors in Iran upward of \$50 billion dollars. By the end of 1979, the Revolutionary Council had proposed converting the cooling towers for the two West German-built Bushire nuclear plants

## 'Move them out of Teheran'



*The following are excerpts from an essay by Bani-Sadr entitled "A Solution for Unemployment," published on October 21, 1979. Bani-Sadr calls for the "shrinkage" or "retrenchment" (rétrécissement in French) of Iran and other cities. "Shrinkage" of cities is part of the Club of Rome's "post-industrial" policy.*

The regime of the ex-Shah tried to remedy the aggravation of unemployment by . . . ways that led to a growing aggravation of the economic crisis. The solution of the problem led to the appearance of other problems such as the cancerous enlargement of cities, the growth of consumption, the abandonment of the

countryside, and the decrease of agriculture and industrial production . . .

We have many times drawn attention to the danger of the growth of Teheran and of two or three other cities. Today, everywhere in the world, such cities have become threatening, like a dangerous and malignant cancer. In the industrialized countries, the large cities, centers of activity and production, have become dangerous. In cities like Los Angeles and Tokyo, it is even difficult to breathe and one of the urban services involves battling asphyxiation caused by the increasing pollution of the air. In our country, the large cities that consume without producing, outside of the dangers of the large producing cities, risk provoking the disappearance of natural resources and a rapid economic death. Instead of extending to these cities and promising them construction, etc., what is required is to elaborate the plan for their shrinkage, to realize this by creating the awareness of their dangers and an opinion unifying the executors of this plan, to make the people themselves know, in such a way that this shrinkage can be synchronized with the creation of rural industrial complexes. . . . Decentralization will become the best guarantee of political liberties. . . .

into wheat silos. The question currently facing the regime is whether in one year's time there will even be adequate wheat, given the chaotic state of Iranian agriculture.

As a result of the industrial collapse, Iran's tax base has completely dried up. Another important source of government revenues, tariffs from exports and imports, has also suffered a severe decline, drying up revenue for government functions.

According to a U.S. Department of Agriculture source, the departure of Iran's most gifted managerial and scientific cadre has posed marked problems for the Islamic regime. Last month a delegation of Iranian government officials visited New Delhi to drum up trade and inquire into the possibility of India providing badly needed knowhow to maintain baseline functioning of such vital economic centers as Iran's decaying oilfields. India made no commitment to aid Iran on this front.

At present the government bureaucracy amounts to what one Washington Mideast watcher termed a "giant welfare office." The government is handing out various forms of welfare subsidies to the swelling ranks of the unemployed.

But increasingly, even the government-subsidized incomes of particularly Iran's poorer families is inadequate to meet the soaring cost of vital necessities. Ironically, the plan to make Iran less dependent upon imports in the short term has been undercut by an increasing dependency on imports due to the collapse of local production. As a result, Iran's black market has become the major vehicle for imported goods, primarily through the Arab emirate of Dubai across the Persian Gulf, and to a lesser extent Pakistan.

The immense flow of trade into Iran through these entrepôts indicates that the embargo Carter called against Iran earlier this year has little effect on the availability of goods. However, this development has sparked an explosion of inflation. The value of the Iranian currency has gone from its pre-revolutionary value of 70 to the dollar to over 150 to the dollar with an even lower dollar value relative to the dollar on the foreign exchange market. The Iranian riyal today is considered "funny money" internationally.

The *Teheran Times* reported June 2 that the spiraling costs of imported goods plus domestic inflation has "created enormous difficulties" for slum-dwellers and peasants. Reports from Teheran indicate that recently low-income housewives have formed gangs and raided markets of vital foodstuffs. Periodic shortages of foods and commodities have also emerged. According to a Treasury Department official, there is no reason for Iran to experience any severe shortages since the central bank is estimated to have \$8 to 10 billion in reserves. The source reports that the regime is deliberately creat-

## The 'Islamic' purge in Iranian education

In June, an adviser to Iranian President Bani-Sadr spoke at the annual convention of the Muslim Student Association, held this year in Oxford, Ohio. The adviser, Mozaffar Partowmah, pledged to eliminate from Iran's universities "all the infidels." "After that," he said, "we will move to clean out the high schools and elementary schools."

The systematic, school-by-school purge being carried out by the Khomeini regime is a key feature of Khomeini's larger policy commitment to destroy the education system, and with it the mind of Iran.

All universities have been shut down for an indefinite period until they can be purged of Western tendencies and made "more Islamic." Iran's Deputy Education Minister Mohammed Jawad Rajalayn says the universities may remain shut for as long as two years. Other sources say that five years is a more realistic figure. "Purge committees" have been formed in each university to boot out those students and professors who are not "Islamic" enough. Hundreds of professors in Teheran have already been axed.

A new Islamic curriculum is being imposed on all the universities and schools to "safeguard Iran's young against deviation and decadence." The curriculum is expressly designed to brainwash Iran's younger generation into an antiscience, antitechnology, fundamentalist world view. History textbooks are being rewritten to eliminate all references to the accomplishments of the Pahlavi dynasty and the Shah. Instead of studying literature and ancient history, grade-school children are taught to mindlessly repeat such chants as, "Khomeini, Khomeini, you are light from God."

In June, Khomeini appointed a seven-man committee to cleanse the country's education system of all "imperialist influences" left by the old government. "The continuation of this same tendency, which is an unfortunate catastrophe, is the objective of foreign-inspired elements," said Khomeini. "The is a deadly blow against the Islamic republic, and any negligence in the proper carrying out of our education reforms would be outright treason against Islam and our Islamic republic."

ing certain shortages in what are considered luxury items in order to accustom the Iranian population "to living with less."

### **The myth of agricultural self-sufficiency**

A Khomeini sympathizer in the United States predicts that the regime over the next three months will phase out all meat imports, on the premise that the "majority of the Iranian people are not used to eating meat so why shouldn't the entire country get used to" a meatless diet? Financial sources report that the Revolutionary Council is considering a possible cut in government food subsidies as part of an overall austerity drive, given the rapid decline of oil sales and drop in income.

Such a move would leave millions of Iranians to fend for themselves in obtaining food, and could spark total chaos in the country.

The big test for the current regime comes this month when the winter wheat crop is harvested. Until now Iran has had sufficient wheat to meet consumption needs. The harvest brought in at this time last year was planted prior to the revolution, and in late 1979 Teheran contracted for 1 million tons of Australian wheat to meet the deficit left by the 5 million ton total. All evidence this time, however, indicates that the harvest will probably yield under the 5 million tons needed for the year ahead. According to the *Middle East Economic Digest* of Jan. 18, both petty disputes over land titles and high prices for government-supplied seed have hampered cultivation, particularly in the northern regions. The province of Gilan, along the Caspian Sea, is the primary wheat-growing area of Iran, but there, as in neighboring Azerbaijan, restiveness has increased against the central Khomeini government.

Another problem affecting agricultural output in the short term is a mass exodus of farmers into the cities. Reasonable estimates are that Tehran's population has swelled by as much as 2 million since the revolution. These new city-dwellers have migrated from the countryside with high expectations that the new revolutionary regime will attend to their needs and provide the upward mobility for their children which only the city offers. It is these new urban migrants that are targeted for redeployment back into abandoned villages to spearhead a "new wave" of labor-intensive farming.

### **The mullah mafia expropriates the economy**

The ruling Islamic regime has moved quickly to not only take over most of Iran's remaining industry but also to forcibly expropriate vast amounts of Iranian land. An Iranian journalist reports that "if you are not a mullah [a Shi'ite Islamic priest] or related to mullah, you stand a very good chance of losing your land to one of them . . . they just walk in and take it." British press sources report that the massive amount of take-

overs by the Shi'ite clergy has contributed seriously to the lack of work for the labor force in Iran. The *Financial Times* reports that the Mustasafin Foundation (the Foundation for the Deprived) acts as an executive wing of the government in many nationalizations and then utilizes the funds made available to the government from profits from various businesses to recycle to Iran's poor.

The theocratic leadership has also formed a new foundation into which the Shah's expropriated wealth has gone called the Alavi Foundation. (Whether the name Alavi is meant to be a play on the former government's controversial Pahlavi Foundation is not known.) According to the June 15 *Washington Post*, the foundation controls hundreds of millions in revenues. The *Post* also reports that the Foundation for the Deprived at present owns or has interests in "70 major industrial plants, 25 large construction firms and 30 trading companies, in addition to an unspecified number of farms, houses, hotels, theaters, nightclubs and personal property." The foundation now controls the three most influential secular Iranian newspapers, *Kayhan*, *Ettelaat* and *Ayadegan*.

European sources report that the leading religious figures in Iran—including the son and grandsons of Ayatollah Khomeini—have sent tens of millions of dollars out of the country. It is similarly Iranian money laundered through the Iranian Foreign Ministry which was reported by the Voice of Free Iran to be paid to former Attorney General Ramsey Clark for the purpose of funding pro-Iranian demonstrations and black nationalist insurgents.

Opponents of the Khomeini dictatorship continue to be terrorized through the deployment of fanatical Jacobin mobs. A number of such deployments has occurred on Iran university campuses, where anti-Khomeini groupings have been brutally attacked by Hizballah (the "followers of Allah"), a movement funded directly by Ayatollahs Beheshti and Rafsanjani. Similarly, Iranian sources report that most of the demonstrations which occur in Iran are pulled off by distributing funds to slum-dwellers; this is how the mobs were called out into the streets during and after the revolution.

With a serious drop in national income resulting from the precipitous decline in oil sales, the question now is how much longer Iran can go on operating in this economic mode. If it does, one Iranian with long-term experience in agrarian science stated with great certainty that rampant starvation will prevail in Iran. "You just cannot turn the clock back in Iran. The people have tasted development, education and the fruits of progress. They will never go back onto the land, no matter how bad things get. They know that Iran cannot be self-sufficient without drastically lessening their numbers. They will fight, and I hate to think just how bloody it might get."