

## CHAPTER 3

# SANCTIONS' EFFECTS ON THE ECONOMY

---

Jetlagged and in need of a shower, we grabbed a taxi immediately upon landing at Tehran's Imam Khomeini International Airport—a large, flat glass building with high ceilings in a style typical of many airports. As we rode into the city center filled with brown-grey buildings dotted by occasional mosques with colorful tiling, my friend Nicolas noticed that all the cars on the busy street looked the same. “Like white boxes,” he thought aloud. That was the first time he noticed how the country was impacted by sanctions: everyone was purchasing the same locally manufactured model of vehicle. Recalling that moment to me later on, Nicolas said: “It’s just quite obvious that in terms of manufacturing, that much is done in Iran... Iran doesn’t have that many options.”

## Overview

Although sanctions have been imposed on Iran long before the sanctions under Obama that began in 2011, they were relatively unilateral and had limited effects on the economy. The Iranian government back then was largely able to counteract the increasing costs of sanctions and mitigate problems that stemmed from its own mismanagement by lubricating the economy with oil imports. However, under the Ahmadinejad presidency between 2005-2013, Iran's finances worsened as the country became more dependent on oil; the government increasingly borrowed from banks, and in turn grew more reliant on the Iranian Central Bank.<sup>197, 198</sup> Ahmadinejad also expanded the Iran Revolutionary Guard Corps (IRGC)—the government's "security and coercive apparatus"—control of the economy.<sup>199</sup> The IRGC's hold over the service, manufacturing, and commercial sectors amounted to at least a third of the Iranian economy—which, as will be explained later, has had a detrimental effect on legitimate business development and foreign investment.<sup>200</sup>

Given the condition of the economy in the early 2010s—i.e. increased dependence on oil profits, reliance on the Central Bank, and IRGC control over industries—the coordinated sanctions regime in the early 2010s struck a devastating blow that exacerbated existing economic weaknesses.

197 Raziieh Zahedi and Pooya Azadi, "Central Banking in Iran," Stanford University, Stanford Iran 2040 Project, Working Paper No. 5 (June 2018): 38.

198 "A Growing Crisis: The Impact of Sanctions and Regime Policies on Iranians' Economic and Social Rights," International Campaign for Human Rights in Iran (ICHR), 2013.

199 Ibid.

200 "Six Charts That Show How Hard US Sanctions Have Hit Iran," *BBC News*, December 9, 2019.

Europe and the UN cooperated alongside the US in targeting critical points such as the Central Bank, the IRGC, and oil exports. By 2012, the Iranian economy entered "full-fledged stagflation" and economic activities plunged.<sup>201</sup> The then-US Treasury Secretary Timothy Geithner stated that sanctions had caused Iran's economy to shrink by 20 percent.<sup>202</sup> GDP growth rate fell to a twenty-year low of -7.4 percent, the rial lost half its value, and the inflation rate rose to around 40 percent.<sup>203, 204</sup> The budget deficit increased.<sup>205</sup>

When the JCPOA provided sanctions relief in the 2016-2018 period, Iran's economy became one of the fastest-growing in the world, and inflation fell to record lows.<sup>206</sup> In 2016, the GDP growth rate reached a twenty-five year high of 13.4 percent.<sup>207</sup> There was a "record number" of new jobs created in the year following March 2017, with non-oil sectors accounting for the "overwhelming majority" of growth that the country experienced<sup>208</sup>. The agriculture and services industries, in addition to oil, recovered to activity levels experienced prior to the 2011/12 sanctions regime.<sup>209</sup> Foreign Direct Investment

201 Zahedi and Azadi, "Central Banking."

202 Bozorgmehr Sharafedin, "Iranian Jobs Go as U.S. Sanctions Start to Bite," *Reuters*, November 19, 2018.

203 "GDP Growth (Annual %)—Iran, Islamic Rep. | Data," World Bank, accessed October 21, 2020.

204 Zahedi and Azadi, "Central Banking."

205 Sajjad Faraji Dizaji, "The Effects of Oil Shocks on Government Expenditures and Government Revenues Nexus (with an Application to Iran's Sanctions)," *Economic Modelling* 40, no. C (2014): 299-313.

206 "Iran Economic Monitor: Weathering Economic Challenges" (World Bank Group, Fall 2018).

207 László Csicsmann, "Struggling for a Sustainable Economy: Iran after the JCPOA," *MENARA Future Notes* no. 19, March 2019.

208 World bank, "Iran Economic Monitor."

209 Ibid.

(FDI) increased by as much as 50 percent in 2017, and Iran's trade with Europe nearly doubled in 2018—with companies like Norway's Saga Energy committing \$3 billion to build solar power plants, Germany's Siemens to upgrade the railway system, and France's Renault to build an engineering center and production factory in Iran.<sup>210, 211</sup> Despite the “overwhelmingly positive” effects of sanctions relief, most Iranians did not reap the benefits of economic growth, and inequality remains a longer-term issue within the country.<sup>212</sup> Moreover, economic recovery was hampered by many firms that did not re-enter the Iranian market during this period, doubting that the deal would stay intact.<sup>213</sup>

When sanctions were snapped back on Iran in 2018, the economy experienced a downturn similar to that in the early-2010s. Within four months of the US withdrawal from the JCPOA, the Consumer Price Index (CPI) inflation more than tripled to the highest point since 2013. This increase in the basket of consumer goods was so rapid that the August 2018 rate was the largest recorded jump since inflation data became available in 2002.<sup>214</sup> The rial lost around 70 percent of its value against the dollar, and the exchange rate has since fluctuated.<sup>215</sup> While \$1 had cost approximately 42,000 rials for ordinary Iranians prior to the sanctions, within two months the

---

210 Shora Azarnoush, “Iran’s Economy Plummets under Weight of Sanctions,” DW.COM, October 23, 2019.

211 Sharafedin, “Iranian Jobs.”

212 Csicsmann, “Struggling for a Sustainable Economy.”

213 Zachary Laub and Kali Robinson, “What Is the Status of the Iran Nuclear Agreement?” Council on Foreign Relations, last updated January 7, 2020.

214 World Bank, “Iran Economic Monitor”.

215 Thomas Erdbrink, “Iran’s Economic Crisis Drags Down the Middle Class Almost Overnight (Published 2018),” *The New York Times*, December 26, 2018, sec. World.

equivalent conversion amounted to 160,000 rials. Less than two years after these sanctions came into effect, the equivalent of \$1 is about 317,000 rials. Europe’s attempts to continue trade with Iran could not sufficiently mitigate the latter’s economic decline. According to the October 2020 World Economic Outlook by the International Monetary Fund (IMF), Iran’s GDP contracted by 5.4 percent in 2018 and decreased by a further 6.5 percent in 2019.<sup>216, 217</sup> The World Bank also predicted that Iran’s economy will shrink by 90 percent within two years by 2020.<sup>218</sup> From the high growth rates of the JCPOA era, Iran between 2017 and 2019 fell amidst the “small number of economies” in the world that was “under severe distress.”<sup>219</sup>

In general, both sanctions periods—before and after relief granted by the JCPOA—have had similarly detrimental economic and humanitarian effects on Iran. Banking and import restrictions and sanctions-induced inflationary spirals have affected businesses, unemployment, and Iranians’ standard of living. Since 2019, the Central Bank of Iran has stopped issuing any reports on the economy due to the “havoc” caused by the US sanctions.<sup>220</sup> Nevertheless, the World Bank predicted at the end of 2018 that Iran would undergo “similar declines in growth and inflationary pressures” as was experienced under the previous round of sanctions in the early 2010s.<sup>221</sup> Iranian locals affirm that their

---

216 *BBC News*, “Six Charts.”

217 “World Economic Outlook: Global Manufacturing Downturn, Rising Trade Barriers,” International Monetary Fund (IMF), (Washington, DC, October 2019).

218 “Iran’s Economic Update—October 2019,” World Bank, October 9, 2019.

219 IMF, “World Economic Outlook,” 9.

220 “Iran’s Statistical Center Reports 7.6 Percent Decline in GDP,” Radio Farda, February 10, 2020.

221 World Bank, “Iran Economic Monitor.”

experience of the recent sanctions has been “more or less the same” as the earlier period. “I can lie and say that this time the government is more prepared, but they are not,” a local from Isfahan admitted when we spoke on the topic.

While the following section explains how US sanctions have impacted different aspects of Iran’s economy, it is important to note that Iran is not the only country affected economically by sanctions. According to the National Iranian American Council (NIAC), from 1995 to 2012, America has given up between \$135 billion and \$175 billion in export revenue by refusing to do business with Iran.<sup>222</sup>

## Sanctions’ Effects on Different Aspects of the Economy

What do these numbers about GDP, inflation, and employment mean in reality? This chapter will first examine the effects of sanctions on oil (as a major source of government revenue), inflation, and business, which will provide context for the situation of Iranian locals and how existing problems are aggravated by economic sanctions.

### Oil and Government Capacity

Although direct US sanctions against Iranian oil have existed since the late 1980s,<sup>223</sup> the coordinated international pressure against Iran around 2010-2012 for nuclear negotiations

222 Ishaan Tharoor, “Sanctions on Iran Cost the U.S. as Much as \$175 Billion, Study Says,” *The Washington Post*, July 16, 2014.

223 Katzman, “Iran Sanctions.”

made it significantly more difficult for Iran to trade its oil globally. Equipment and technology related to natural gas production were banned, secondary sanctions were imposed on banks and companies that conducted business with Iran’s oil industry, Iran’s central bank—the primary clearinghouse for oil-related transactions—was also sanctioned, and the EU enforced an oil embargo along with the US.<sup>224</sup> More recently in 2019, the White House announced the intention to “bring Iran’s oil exports to zero.”<sup>225</sup> The US announced its aims to “[deny] the regime its principal source of revenue,” while supplementing the loss of Iranian oil in the global market with oil from the US, UAE, and Saudi Arabia.<sup>226</sup> According to Trump, this plan would hold Iran’s leaders accountable for “plunder[ing] the nation’s resources to enrich themselves and to spread mayhem across the Middle East and far beyond.”<sup>227</sup>

Reducing the resources available to Iran’s central government may mean a decrease in Iran’s ability to provide financial assistance to regional proxy wars, but it also means a decrease in the government’s overall capacity to support its citizens—especially as oil accounts for approximately 40 percent of Iran’s government revenue.<sup>228</sup> Under the 2012 sanctions, Iran’s cash-strapped government lost its ability to pay employees on time—including IRGC soldiers.<sup>229</sup> Its payments to contractors were also delayed, further affecting factories and businesses and their ability to pay their workers.

224 “Timeline: Sanctions on Iran,” Al Jazeera, October 17, 2012.

225 “President Donald J. Trump Is Working to Bring Iran’s Oil Exports to Zero,” The White House, April 22, 2019.

226 Laub and Robinson, “What Is the Status.”

227 The White House, “Oil Exports to Zero.”

228 World Bank, “Iran Economic Monitor.”

229 Thomas Erdbrink, “Already Plagued by Inflation, Iran Is Bracing for Worse,” *The New York Times*, July 1, 2012, sec. World.

Civil servants, like others on fixed salaries, were “reduced to moonlighting in menial jobs” in order to make a living.<sup>230</sup> According to the state-run news agency, over 130,000 workers were not receiving their wages on time as of 2019.<sup>231</sup> Welfare and subsidy programs—from social security and pensions to those relating to health, education, and culture—have been affected as well, despite these typically being priorities for the government to manage levels of public discontent.<sup>232</sup>

Reduction in government revenue from oil arguably has had a more severe impact on ordinary citizens than on funding proxy wars in the Middle East. As articulated by Esfandiyar Batmanghelidj, the founder of economic think-tank Bourse and Bazaar, “funding for proxies is by no means dependent on revenues drawn from Iran’s legitimate economy, where the ownership of enterprises and assets offers little access to the necessary cash flow and hard currency. For groups such as the IRGC, the real opportunities are in the black market and lucrative smuggling in oil, cash, narcotics, and consumer goods.”<sup>233</sup> While Iran’s legitimate economy is damaged, the sanctions have had expansionary effects on the black market. When sanctions prohibit Iranian oil from being sold through legitimate means, exporters turn to illegitimate channels.

According to Iran’s anti-smuggling agency, \$7 billion in petroleum products, including 125,000 barrels of oil per day, were being smuggled out of Iran at the height of the

---

230 ICHRI, “A Growing Crisis.”

231 Mahin Horri, “Why Iran’s Workers Are Constantly Protesting to Delayed Payments,” People’s Mojahedin Organization of Iran (PMOI), August 27, 2019.

232 Dizaji, “The Effects of Oil Shocks.”

233 Esfandiyar Batmanghelidj, “Tougher U.S. Sanctions Will Enrich Iran’s Revolutionary Guards,” *Foreign Policy*, October 4, 2018.

international sanctions in 2014—all profits lining the pockets of corrupt elites. In late 2018 Iran’s Supreme Economic Coordination Council decided to allow the private purchase of crude oil, in hopes of softening the impact of reimposed sanctions. Though Iran’s oil minister Bijan Namdar Zanganeh opposed this action, the government was forced into a difficult decision that likely serves to enrich political rivals and further facilitate the black market.<sup>234</sup> The Iranian government has increasingly been reducing its dependence on oil and gas revenues.<sup>235</sup> Nevertheless, oil profits that are diverted from legitimate channels are a cost to the Iranian public and reduce the government’s resources for public programming.

## Inflation

For my friend A, the owner of a small electronics store, the surge in inflation from the 2018 sanctions meant soaring prices for their products. Following the announcement of the United States’ withdrawal from the JCPOA, Iran’s inflation rate skyrocketed. According to A, the Samsung Galaxy J7 that had initially cost 7,000,000 rials rose to as much as 18,000,000 rials in a month. Within three months, the price of the phone had reached 32,000,000 rials—yet in US dollars, all three of these amounts would have translated to around \$340.

“It was a disaster,” A recounted to me, “Imagine in a really short time everything became at least two times more expensive... A lot of people were struggling for food and clothes, but things like [mobile phones] were not necessary for life;

---

234 Ibid.

235 Katzman, “Iran Sanctions.”

[they were] luxuries that a lot of people were deciding not to buy anymore.” A was left with no choice but to sell the phones at a lower price that cut into his profit margins, but he still had to pay the shop’s rent. The price fluctuation squeezed his business from top and bottom.

Sanctions, along with government mismanagement through subsidies and price regulation, have led to rapid increases in the price of goods. While governments may typically use foreign exchange reserves to prop up the value of its national currency, this option has been rendered unavailable to Iran.<sup>236</sup> Access to Iran’s assets abroad is restricted and the Central Bank is prohibited from repatriating hard currency.<sup>237</sup> The quantity of foreign currency available also decreases as oil revenues decrease.<sup>238</sup> Furthermore, to counteract the decrease in spending capacity as a result of diminishing oil exports, the government has been growing the money supply—further driving inflation.<sup>239</sup>

Limited availability of equipment, technology, or other factors of production—i.e. high import costs, as well as the scarcity of certain goods relative to demand—have also contributed to the increasingly exorbitant prices. Iranians who have access to some foreign currency speculate on the price of the rial, causing the economy to be increasingly removed from tangible goods and services. A 2012 *New York Times* article on Iran’s dramatic inflation wrote, “In this evolving casino, the winners seize opportunities to make quick

236 Erdbrink, “Already Plagued by Inflation.”

237 Katzman, “Iran Sanctions.”

238 Navid Kalthor, “Why Iran Could Be Approaching Hyperinflation in Coming Years,” *Al-Monitor*, August 9, 2020.

239 Dalga Khatinoglu, “Government Debt, Deficit, Money Supply Soar, Iran Central Bank Reveals,” *Radio Farda*, February 14, 2020.

money on currency plays, while the losers watch their wealth and savings evaporate almost overnight.”<sup>240</sup> To offset inflation, the government tried to subsidize importers of certain essential goods by providing them with lower exchange rates. However, this effectively resulted in a myriad of other issues including corruption and further currency speculation—some of these importers sell the currency back on the market to earn a profit, further driving up inflation.<sup>241</sup>

Given all these inflationary pressures, the poor are disproportionately affected. As of 2018, about a third of the Iranian population lives below the poverty line.<sup>242</sup> Those who are reliant on the domestic economy have seen, at times, the prices of household items such as food and medicine increase by twofold in less than a year. A World Bank report states, “As a consequence of high inflation, the real value of benefits diminished, and this was the key factor behind the increase in poverty.”<sup>243</sup> The money people received meant less in terms of purchasing power as the cost of goods went up. For the poorest 20 percent of the Iranian population, cash transfers accounted for almost half of their total income. Thus from 2012-2016 the poverty rate began steadily increasing, erasing more than half of the progress from the previous three years.<sup>244</sup>

Those in the middle class are not safe either. Shortly after the 2018 sanctions, the middle class shrank by 50 percent.<sup>245</sup>

240 Erdbrink, “Already Plagued by Inflation.”

241 Leila Gharagozlou, “Inflation Runs Rampant in Tehran as Iran’s Government Struggles to Stem Rising Food Prices,” *CNBC*, July 17, 2019.

242 Shahir Shahidsaless, “An Unstable Iran Would Actually Be Very Bad for the US,” *Middle East Eye*, August 30, 2018.

243 World Bank, “Iran Economic Monitor,” 38.

244 *Ibid.*

245 Erdbrink, “Iran’s Economic Crisis.”

One report from 2013 outlines, “The lower echelons of the middle class have been or are on the verge of being wiped out, and those in the middle are struggling to make ends meet.”<sup>246</sup> For Kaveh Tamouri, a college-educated entrepreneur who was starting a family, his monthly income fell from 50 million rials (\$1,400) to 10 million rials (\$90) within a year because of inflation and currency devaluation. He and his wife had to sell their car, furniture, and wedding gifts as a means of avoiding prison—the punishment that debtors face in a country that enforces Sharia Law.<sup>247</sup>

Tamnoush, a local soda production factory, began incurring significant losses as a consequence of increased import prices for raw materials. After sixteen years of operation, the company had no choice but to shut down, and all forty-five of its workers became jobless. “The men are driving taxis and women are back to being housewives,” said the Tamnoush CEO, Farzad Rashidi.<sup>248</sup>

## Employment

“From the owner to the line worker, no one is safe... Our country is facing an economic disaster,” lamented a manager of rooftop insulation sheets in January 2013.<sup>249</sup>

The manufacturing industry’s pre-existing troubles were exacerbated by the effects of 2012 sanctions, to the point where two-thirds of Iran’s factories were brought to “the

---

<sup>246</sup> Erdbrink, “Already Plagued by Inflation.”

<sup>247</sup> Erdbrink, “Iran’s Economic Crisis.”

<sup>248</sup> Sharafedin, “Iranian Jobs.”

<sup>249</sup> ICHRI, “A Growing Crisis”, 113.

verge of closure.”<sup>250</sup> For those that remained open, most operated at half-capacity. Even before the sanctions started taking full effect, a “sizable proportion” of factories that could have produced substitutes for goods that would no longer be imported under sanctions were already closed or facing imminent closure. Within three years, the bankruptcy rate in Iran had tripled, and 40 percent of men in major cities became newly unemployed over the course of the year.<sup>251</sup>

The employment situation is likely to be worse for women and youth, as they tend to be the first groups to lose their jobs during an economic downturn. In a country where almost half of the population is under thirty, 27 percent of youth are unemployed.<sup>252</sup> What’s more, as of 2020, the unemployment rate among those who have obtained higher education is around 20 percent generally, and 30 percent for educated women.<sup>253</sup> Sussan Tahmasebi, director of FEMENA, an organization that supports women human rights defenders, reports, “Hardliners in government use economic problems as an excuse to push women out of work. They often claim that given the poor economic situation, it is better for men to have jobs since, by law, they are recognized as the head of the households.”<sup>254</sup>

---

<sup>250</sup> Ibid, 13.

<sup>251</sup> Ibid, 116.

<sup>252</sup> Ahmad Alavi, “Iran’s Official Figures Indicate Alarming Unemployment Rate Later This Year,” Radio Farda, January 9, 2019.

<sup>253</sup> Amin Mohseni-Cheraghloou, “Unemployment Crisis in Iraq and Iran: A Chronic Dilemma for State and Society,” *Gulf International Forum* (blog), March 3, 2020.

<sup>254</sup> Medea Benjamin and Sussan Tahmasebi, “Iranian Women Squeezed By US Sanctions, COVID-19 and Their Government,” *Common Dreams*, May 14, 2020.

## Business

According to the White House in 2019, foreign direct investment and business activity in Iran have “fallen off” as companies are wary of conducting business in the country. As a result of the “Maximum Pressure” campaign, over 100 companies ceased business relations with Iran.<sup>255</sup> Secondary sanctions have compounded Iran’s isolation. Again, not only do sanctions prevent Iran from directly accessing the American financial system, but foreign institutions that make transactions with Iran are also denied access to US dollars—the dominant currency for international trade—for their transactions. Banks have been fined hundreds of millions, and sometimes billions of dollars, for violating US sanctions.<sup>256</sup> The threat of massive fines understandably deters banks and companies from collaborating with their Iranian counterparts. Firms would rather be “over compliant” by avoiding business with Iran, than face the risk of doing anything illegal. Additionally, the time and money required for legal teams to figure out what is permitted in the convoluted sanctions policies often deters companies from engaging with Iranian businesses. Along with those in the US and Europe, banks and companies in South Korea, Taiwan, and Japan have at different points also cut business ties with Iran since sanctions were re-imposed in 2018.<sup>257</sup>

Though the US may have achieved its objective of isolating Iran economically, the domestic humanitarian effects should not be overlooked. Not only does the suspension of foreign direct investment mean the loss of employment

255 The White House, “Oil Exports to Zero.”

256 Laub and Robinson, “What Is the Status.”

257 “‘Maximum Pressure’: US Economic Sanctions Harm Iranians’ Right to Health,” Human Rights Watch, October 29, 2019.

opportunities, but it also means a halt to the transfer of information, technology, and goods. For instance, sanctions affecting the automotive industry have forced more than 300 auto parts manufacturers to terminate production.<sup>258</sup> The short supply of these pieces, in addition to inflation, has made it difficult for taxi drivers to sustain their livelihoods. “My car is my living... If I am not able to maintain it, I won’t be able to buy bread,” said one such taxi driver during a 2012 interview for the *BBC Persian Service*.<sup>259</sup> Similarly, because of sanctions and the resulting scarcity of auto parts, the cost of production of an automobile increased significantly.<sup>260</sup>

When the French PSA Peugeot Citroën reneged on its 400-million-euro joint venture with Iran Khodro, Iran’s largest car manufacturer, Iran attempted to combat the effects of sanctions by contracting domestic manufacturers with the production of auto parts. Even then, only as much as 60 to 85 percent of parts could be produced domestically. Interestingly, although Iran’s move may blur some legal boundaries, Peugeot decided to turn a “blind eye,” as Khodro’s circumvention retained Iranian interest in French vehicles and would benefit Peugeot’s “reconquest” of the Iranian market.<sup>261</sup> Nevertheless, the remaining fraction of parts that depended on imports delayed and raised the costs of the entire manufacturing process. For an individual consumer like Leila, an Iranian correspondent interviewed by the International Campaign for Human Rights in Iran, the effects were large: “Not only did they delay delivering my car by three months,

258 Sharafedin, “Iranian Jobs.”

259 ICHRI, “A Growing Crisis,” 131.

260 Ibid.

261 Elisabeth Studer, “L’Iran demande à ses constructeurs de produire des pièces PSA,” *Leblogauto.com* (blog), August 29, 2019.

they also increased the price from 250 million rials to 360 million. Now we have no choice but to pay.”<sup>262</sup>

Mori—the man who was lashed for being drunk in public as a teenager—studied mechanical engineering in university. In 2012, he was working in quality control for Iran Khodro. “I remember that time we had problems with many things that needed to be imported... Hundreds of cars were staying at the company and they couldn’t give it to people because it wasn’t finished yet,” he recalled during our interview. “They started making the pieces that they needed by themselves or imported from China, so after that, the quality of the cars became *really* bad—like *bad* bad.”

A few years after his stint at the car manufacturer, Mori went into his family business in interior design, specifically working with wood for kitchen setups. He and a former colleague signed a contract to work at an expensive villa belonging to a wealthy man in northern Tehran—but it was right before sanctions were announced. Because inflation made “all the materials” more expensive, the fixed contract cost him his business. “For the whole year working there, I didn’t earn anything, and I even lost [money],” said Mori. The wealthy client refused to pay the increased price, and even after a court battle Mori and his colleague were not paid. “If I knew that was going to happen, I would not have signed any contracts... I was really pissed off.”

Like Mori, many Iranians have learned their lesson in business and no longer use paperwork. He stated, “Now, when you go to buy something, people don’t give you any bill. They say that if we know how much it’s going to be tomorrow, you pay us.”

---

<sup>262</sup> ICHRI, “A Growing Crisis,” 131.

## Living Under Sanctions

“Sometimes you are two times richer, sometimes you are three times poorer,” Koohyar, the tour guide, told me when I asked him about the impact of sanctions. For him, the most “annoying” part of living in a country under sanctions was the unpredictability of the economy, the difficulty of planning for the future, and the resulting sense of insecurity: “I would say it’s not delightful to have all these up and downs and to have all these different problems everyday... You cannot plan for the future. In my business for example, you sell a tour six months later, and estimate how much the prices of food cost... And all of a sudden three months later, it becomes much more expensive.”

“For a couple of months, it’s somehow stable, and then you have a peak of crazy things,” Koohyar continued. “Somehow the dollar jumps up, or last year the price of gas became three times more expensive... Suddenly all the taxis increase, and everything increases,” he said. People’s mentalities have started to adapt to the unpredictability. To Mori, the significant degree of future uncertainty has become “one of the big problems” in Iran. “Making a long-term plan is difficult now,” he said. “I don’t make a plan for next month, I’m just living for today to see what’s happening.”

Even without the burden of sanctions, Iran, like many other countries, faced problems of domestic management, as well as other issues like urbanization, modernization, and inequality. For those who are struggling to make ends meet in Iran’s current condition, economic sanctions—with the intention of inflicting further damage to Iran’s economy—are an additional hurdle in their lives. As articulated by an Iranian reporter, “It is unfair for us [ordinary people] to pay

the price of the political squabbling between the two sides  
[Iran and the West].”<sup>263</sup>

---

<sup>263</sup> ICHRI, “A Growing Crisis.”