

Economic policies of self-reliance in the Iranian experience

Musa Khalaf Awad

Moosa0782m0@gmail.com

Ahmed Abbis Deman

Ahmed.za09a8@gmail.com

Al-Qadisiyah University, College of Administration and Economics

Corresponding Author : Ansaf Husain Hisab

Abstract : Iran tended to self-determination and criticism of the external dependence of the United States through its emphasis on minimizing American interference and influence and resisting Western interventions, as well as establishing a network of economic relations and policies with the countries of the world depending on the capabilities of those countries and achieving autonomy within the framework of adopting defence policies that resisted those sanctions and through which Iran was able to rely on itself in self-determination away from external pressures, and the most prominent of those policies pursued by the Iranian government to achieve Its economic independence is represented by trade policy, fiscal policy and monetary policy.

INTRODUCTION: Iran has been subjected to many economic sanctions by the United States of America and the European Union against the background of its nuclear programme and the Iranian economy has been greatly affected by these sanctions and with time the Iranian government was able to resist these sanctions through the adoption of a new policy of the Supreme Leader known as the economy of resistance and the objectives of this policy to achieve self-sufficiency by increasing the local production of imported goods and reduce dependence on oil in the annual budget and increase trade exchange with Asian countries and countries Neighboring countries, especially with China, India and Iraq, to compensate for the lack of exports to European countries that have banned trade with Iran

The importance of research:

The importance of research lies in studying the most important economic policies followed in Iran to confront the economic blockade represented by economic sanctions and how Iran was able to rely on itself by following these policies.

Research problem:

Iran has been subjected to many economic sanctions by the United States and the European Union, which has exposed the Iranian economy to many obstacles and crises, as well as international isolation at the level of global trade, especially with Western countries.

Objective:

The research aims to show the most important reasons that prompted Iran to adopt economic policies that enable it to rely on itself in the face of Western sanctions.

Research hypothesis:

The research stems from the premise that economic sanctions on Iran were a motive for it to overcome many economic negatives by adopting economic policies resistant to sanctions that enabled it to withstand America and its allies.

Research Methodology:

The study relied on the descriptive approach to show the most important economic policies represented by trade, financial and monetary policy and its role in strengthening the Iranian economy to address sanctions and enable it to rely on itself to get rid of Western dependency.

Research structure:

To meet the requirements of the research and achieve its objectives in the light of its hypothesis, it has been divided into two requirements which were as follows:

The first requirement:

the Iranian economy under sanctions

The second requirement:

the economic policies followed in Iran to achieve self-reliance

The first requirement: the Iranian economy under sanctions

The factors of economic power represent the bulk of the factors of power in any country, and they fall within the goals of Iran's foreign policy "towards the Middle East" where the state can rely on itself whenever its economy is strong and is not subject to any bargaining by the great powers such as fragile states that are forced to rely on other countries and thus become dependent on them.

Iran's economy is one of the important economies that have witnessed positive stability compared to other countries, despite the imposition of many economic sanctions, especially the sanctions of the United States and Europe, which reflected significantly on the Iranian economy naturally, despite its dependence on oil revenues in a balanced manner.

¹ The Iranian national product is about 445 billion dollars, and the per capita income is about 6500 dollars, which made the Iranian economy somewhat stable, due to its richness in many natural resources such as natural gas, oil, lead, copper and zinc. ² Where we find Iran ranks fourth in terms of oil reserves in the world, and second after Russia in natural gas reserves, and fluctuations in gas and oil prices affect Iran's foreign policy, and oil revenues constitute the main source of hard currency and the main source of national income, and despite relying on oil wealth, Iran has turned to another alternative represented in the Iranian nuclear program for energy production, for example, Iran has achieved the highest Growth rate of 5% in 2001, and the Iranian economy relied on a local strategy known as the "resistance economy" and that the idea of the resistance economy is based on the development and advancement of internal expertise in addition to Iran following an austerity economic policy in its entirety, and therefore this strategy has enabled Iran to withstand sanctions and made the Iranian economy flexible and protected from external pressures and other shocks. ³ Iran tended to self-determination and criticism of the external dependence of the United States by emphasizing the reduction of American interference and influence, resistance to Western interventions, and the revival of the spirit of resistance and jihad, as well as the establishment of a network of political and economic relations with the countries of the region depending on the capabilities of those countries and achieving autonomy within the framework of Iran's adoption of a defence strategy based on three principles:

- 1) Its desire to achieve self-reliance and build strategic relationships in the region.
- 2) Transforming Iran into a regional power with the ability to influence the Middle East and beyond.
- 3) The need to deter the various threats facing Iran by Western countries. ⁴

The application of unilateral and illegal sanctions has always been one of the illegal tools of the hegemonic regime to pressure the Islamic Republic of Iran, as these sanctions have been applied during the past thirty years on a regular basis, the Supreme Leader of the Revolution later called the main model of the country's economy as a model of the resistance economy and explained this issue at the gathering of entrepreneurs in the country in the blessed month of Ramadan 2009 and pointed to the need to adopt a new model of the economy called (resistance economy) and the most prominent indicators of the resistance economy It consists of getting rid of the oil economy, and unbridled imports are the enemy of the resistance economy, and a leap in self-sufficiency, strengthening the domestic production base, strengthening the productive base of science and technology, strengthening economic and commercial diplomacy, avoiding domination of the virtual part of the monetary and financial market economy over the real part, strengthening the interaction between the five circles of research, education, promotion, implementation and beneficiaries.⁵ The resistance economy is also directed towards justice, that is, it is not satisfied only with the indicators of the capitalist economy, such as national growth, GDP, the gross national product of a country may increase a lot, but some people die of hunger in that country, so the index of economic justice and social justice is one of the important indicators in the resistance economy, and does not mean ignoring the scientific indicators in the world and indicators directed towards justice in the resistance economy are (1) Percentage of people living below the poverty line 2) Percentage of people living below the relative poverty line 3) Income gap ratio between the lower decimal brackets with the upper segments of society 4) People with access to opportunities compared to the community in a

¹ Mohammad Ramadan Abu Sheisha, Iran. Turkey.. Israel and the Power Struggle in the Middle East, Al-Arabi for Publishing and Distribution, Cairo, p. 88.

² Mohammad Sadiq Ismail, where is Iran going? From the Shah to Nejad, Dar Al-Arabi for Publishing and Distribution, Cairo, p. 27.

³ Mohammad Ramadan Abu Sheisha, Iran. Turkey.. Israel and the Power Struggle in the Middle East, *ibid.*, p. 89.

⁴ Samah Abdel-Sabour Abdel-Hai, Smart Power in Foreign Policy: A Study in Iranian Foreign Policy Tools Towards Lebanon (2005:2013), Dar Al-Bashir for Culture and Science, Gharbia, Egypt, 2014, p. 107 .

⁵ Jamil Milani, The Economy of Resistance and National Self-Confidence: Opportunities and Challenges to Achieve it, Economic Journal, Nos. 7 and 8, 2014, pp. 9-14.

family 5) Economic actors who have access to opportunities compared to the total active members of society.⁶ After the tightening of sanctions in recent years, this method has also been promoted by the Republic of Iran, and its purpose is to use local production capacity and resist sanctions by creating the least crises, and the resistance economy means identifying pressure areas and then trying to control and neutralize them, and in ideal conditions to transform these pressures into opportunities, and it seems that the success of the resistance economy and standing in the face of unilateral sanctions of enemies against the Islamic regime and the continuation of the path of resistance and standing are features that can make the Republic of Iran a model and a desirable face in the Islamic world.⁷ Thus, the Supreme Leader announced the general policies of the resistance economy on February 29, 2012, and in this declaration to overcome all difficulties to defeat the enemy and force it to retreat and preserve the achievements of the homeland in various fields, continuous progress and achieve the ideals and principles of the constitution and the twenty-year vision document and achieve an economy based on knowledge, technology and justice, which is a dynamic and progressive basis internal and open in the world's high-risk conditions.⁸

The second requirement: the economic policies followed in Iran to achieve self-reliance

First: Trade policy: In the context of the adoption of trade policies in the Iranian economy in general, import substitution policies have shown interest in encouraging exports, and evidence such as fixed exchange rate policies and their implementation for consecutive years, the establishment of state-owned industries or the nationalization of many industries, the establishment of the state for the activities of the banking system and insurance, and the government's monopoly on trade (customs and non-tariff protection), as well as perspective considerations such as self-sufficiency, must be self-reliance, centralization of the agricultural sector, methods of economic management and the like. In recent years, especially in the first program, the policy attitude towards the expansion of exports and policies such as privatization, expansion of the floating exchange rate policy, establishment of free trade zones, amendment of customs laws and regulations, authorization of the establishment of banks and approval of laws related to foreign direct investment in the direction of expansion policy.⁹

For a country like Iran, which suffers from damage to the oil economy, the service sector has provided important opportunities such as manufacturing, job creation, specialization, and exports have diversified over the past decade, and due to the restrictions of Iran's foreign trade, especially foreign sanctions, the country's main trading partners have changed from European countries to Asian economies, with a lot of focus on some markets such as Turkey, India and China, while Iran's ten main export partners accounted for 76% of Iran's total exports in 2007. In 2005, this share rose to 93% in 2014, and over the past decade the relative export advantages of some groups of goods in Iran have decreased and some have increased. It is clear that the sharp decline in global energy prices in April 2011 onwards caused a sharp weakening in trade relations, prompting exporting countries including Iran to diversify the composition of export products to get rid of these fluctuations.¹⁰ Imported goods are also qualitatively divided into 3 types of capital, intermediate and consumer goods, they are effective in investment, production and consumption, and the volume and composition of imports in Iran change according to the increase in oil revenues and in periods of oil prosperity, the share of consumer and intermediate goods has increased and the share of capital goods from imports can increase the country's production capacity and is considered a factor in technology transfer.¹¹

During the period from 2010-2012, Iran's non-oil exports increased by 12 per cent. Iran also sought to mitigate the effects of economic sanctions by limiting cash sales; Iran was able to import gold in exchange for exporting goods to other countries; China was one of Iran's biggest customers, but it owes about \$22 billion of surplus oil and gas, which it cannot pay due to bank sanctions, and China planned in late 2014 to invest a similar amount. In 2014, the Iranian Minister of Agriculture met with the Russian Minister of Agriculture on the sidelines of the Shanghai Cooperation

⁶ Muhammad Jaafar, Jawadi Arjmand, Analysis of Resistance Political Economy in the Framework of the National Economic Theory of Frederick List, Quarterly Politics, Journal of the Faculty of Law and Science, Vol. 51, No. 3, p. 707.

⁷ Mehri Totnchian, Iraj Afshar Ahmadi, The Economy of Resistance as a Component of Cultural Diplomacy of the Islamic Republic of Iran in the Conditions of Sanctions, Center for Strategic Studies for Cultural Relations, 2018, pp. 46-47.

⁸ Ilah Murad Seif, Introductions to the Roadmap for the General Policies of the Resistance Economy of the Islamic Republic of Iran, Basij for Strategic Studies, Sixteenth Year, Issue 61, Winter 2013, p. 103.

⁹ Alireza Farhadi, Study of the Effects of Foreign Trade on Iran's Economic Growth, Journal of Program and Budget, No. 84, p. 44.

¹⁰ Mina Al-Mashaikhi, The First International Conference on Industrial and Trade Policies for Export and Employment Development, Institute of Commercial Studies and Research, Tehran, r.itsr@inf pp. 61-62.

¹¹ Ibrahim Al-Tajaei, Zahra Pour Baker, Study of Iran's Foreign Trade Policies, Quarterly Financial and Economic Policy, Second Year, No. 7, Fall 2013, p. 123.

Organization meeting in Moscow to discuss a new trade agreement under which Iran would export protein products, agricultural products and vegetables to Russia and import cooking oil, grain products and some engineering and technical services.¹² The year 2015 also witnessed a record in bilateral trade between Iran and China in "non-hydrocarbon products", reaching \$ 13.2 billion, including \$ 5.9 billion exports to China, including \$ 7.3 billion imports from China, and trade exchange between the two countries flourished even after the re-imposition of sanctions on Iran under President Trump, reaching in 2018 to \$ 48 billion, and when the French company "Total" left the offshore "South Fars" gas field. China National Oil Corporation (CNPC) rushed to buy 50.1 per cent of the project, making Trump a lifeline for Iran.¹³ As for Japan, it is the second largest trading partner with Iran after China, but this partnership was greatly affected by US sanctions on Iran "because of its nuclear program." Japan sought to restore its trade relationship with Iran after the nuclear agreement in 2015. The agreement was signed by Iran with the five permanent powers of the Security Council plus Germany, and Japanese companies were among the first companies to enter the Iranian market after they entered the "Joint Comprehensive Plan of Action". It came into force in 2016, and in early 2017, the value of Japanese exports to Iran amounted to about one billion dollars, but these companies withdrew from the Iranian market due to Washington's withdrawal from the nuclear agreement in 2018 and pressure on Japan to stop its trade with Iran, as Japan's imports of Iranian oil declined and almost stopped in 2020.¹⁴ The United States failed to convince China, Japan and its Western allies to impose trade sanctions on Iran, and in the end, this embargo had an impact on American companies, as these companies admitted that it was America and its companies that lost, not Iran.¹⁵ It has also been difficult for the United States to control India (China, Russia and China) in line with the tightening of sanctions and trade embargoes against Iran for the following reasons:

1) These three countries are a new economic power that has grown significantly in recent decades compared to the United States and they now occupy important positions in the global economy, and for this reason, America cannot use a deterrence strategy against them.

2) These three countries do not consider Iran's nuclear program a serious threat to its interests, and for this reason, America faced difficulty in convincing it that the Iranian nuclear program is dangerous, these three countries consider putting sanctions on Iran a good opportunity to reach more economic profits and in the cost-benefit analysis preferred to continue economic interactions with Iran in the case of sanctions, and this situation has led to America's failure to convince them to provide incentives, for example, India played an important role in Buying Iranian Oil and Minimizing the Effects of The trade embargo on the exports of this country, where the value of India's imports from Iran in 2010 and 2011 about (10.9) billion dollars, and due to the difficulty of transferring money to Iran through the global banking system, it has made its payments to import Iranian oil in rupees, gold and various commodities instead of dollars.¹⁶

Iran and Russia also agreed to expand capacity and increase general trade, and in December 2018 Iran signed a free trade agreement with the "Eurasian Economic Union" led by Russia, which indicates Russia's intention to help Iran circumvent US sanctions, and for China is a key factor in the effectiveness of any sanctions regime on Iran, because China is still the largest customer of Iranian oil, during the period 2012-2016 China played an effective role in reducing Iran's total oil exports from By reducing its purchases from Iran to about 435,000 barrels per day from its 2011 average of 600,000 barrels per day, since the reimposition of US sanctions, China has continued to import Iranian oil despite the termination of the SRE on May 2, 2019, and its purchases from Iran have increased since the beginning of the Biden administration, and the Iranian automotive sector gets a large percentage of its parts from China.¹⁷

¹² UNESCO Science Report: Towards 2030, Academy of Scientific Research and Technology, Arab Republic of Egypt, 2018, p. 377.

¹³ Ayman Ibrahim Desouki, Alaa Rafiq Mansour, Strategic Hedging in Iranian Policy towards the United States of America, Arab Center for Research and Policy Studies, 2022, p. 206.

¹⁴ Mohammed Abu Ghazleh, Japanese Policy Towards the Middle East: Searching for an Active Role by Balancing National Interests and American Considerations, First Edition, TRENDS Research and Consulting, United Arab Emirates, 2021, p. 18.

¹⁵ Ahmed Nouri Al-Nuaimi, Iranian Foreign Policy between Constants and Variables, Amjad Publishing House, 2017, p. 357.

¹⁶ Mohsen Bayat, Economic Globalization and the Role of the Military Threat in America's Strategy for the Effectiveness of Sanctions on Iran, Journal of the Faculty of Law and Political Science, Vol. 46, March 1, 2015, pp. 56-57.

¹⁷ Katzman Kenneth (2012), "Iran Sanctions", Congressional Research Service, Available at <http://www.fas.org/sgp/crs/mideast/RS20871.pdf> . p.45.

As for Iraq's foreign trade with Iran, with the beginning of the reconstruction of Iraq and the formation of local production and its needs of industrial equipment, industrial machinery, electrical equipment and building materials, as well as basic consumer goods such as foodstuffs, pharmaceuticals, textile industries and other required goods, it needs to be reconsidered and interested in exporting Iranian goods to Iraq based on the database (International Trade Center) in the table below.

Table 1 Top ten product groups for Iran and Turkey's exports to Iraq in 2018

Sequence	Iranian Export Goods Group to Iraq	The value of exports is a million dollars	Turkish Export Goods Group to Iraq	The value of exports is a million dollars
1	Mineral fuels and mineral oils	1.561	Natural pearls and precious stones	1.130
2	plastic	1.200	Milling and starch industry products	600
3	Edible vegetables	666	Plastics & Plastics Products	460
4	steel	619	Wooden furniture	458
5	Dairy	444	Clothes	421
6	Fruits and nuts	424	Grain preparation	384
7	Made of iron or steel	386	Dairy	378
8	Ceramic Products	324	Electrical machinery and equipment and parts thereof	352
9	Machinery & Mechanical Devices	284	meat	324
10	Vegetables and fruits	277	Machinery & Mechanical Devices	314
11	Export value of 10 products	6185	Export value of 10 products	4821

Source: Mojtaba Rostami, Presentation of the Islamic Model of Foreign Trade with a Dialectical Approach to the Economy of Resistance Studied in Iranian-Iraqi Trade Relations, A Scientific Research Study of Iranian Economic Articles 2018, Volume 32, p. 16.

Table (1) shows the ten main products to Iraq from Iran and Turkey in 2018, and to compare the identification and export gaps and trade capabilities in Iraq, 10 main product groups were introduced to Iraq, in other words, more than 60% of Iran's exports are dedicated to mineral fuels and natural resources, and for Turkey, more than 90% of its exports were allocated to non-oil sources with high added value as shown in the table above.¹⁸

It has been a long time since Trump imposed sanctions on Iran and the Iranian economy is still in place, so the effectiveness of economic pressure tools in bringing Iran to the negotiating table has declined during this period, the resistance economy that supports national production and the production boom and supports and supports Iranian goods, are all signs of Iran's determination to strengthen its economy against sanctions, and every time sanctions are imposed on Iran by the United States, it has been able to maintain The country's economy is on its feet due to these conditions, increasing the country's petrochemical capacity, increasing non-oil exports, increasing domestic production, producing imported alternative goods, etc. On the other hand, the report published by the World Bank Group on the world economy in 2020 and the positive growth expectations of the Iranian economy show that the economy has become more resilient, and the World Bank stated that more than half of the economic growth in the coming years will be borne by the non-oil sector and expected the growth of the services sector by 4.4%.¹⁹

The results also showed that the sanctions had no impact on the mutual trade value of agricultural products between Iran and the countries of the Middle East and North Africa, and had a positive and significant impact on the value of

¹⁸ Mojtaba Rostami, Presentation of the Islamic Model of Foreign Trade with a Dialectical Approach to the Economy of Resistance Studied in Iranian-Iraqi Trade Relations, A Scientific Research Study of Iranian Economic Articles 2018, Volume 32, p. 250-251.

¹⁹ The Center for Strategic Thought Tebien to Explain the Erosion of Economic Warfare and the Impact of Anti-Iran Sanctions, A Series of Strategic Reports, ir.Tabyincenter.www , pp. 12-13.

Iranian agricultural products exported to the European Union countries even though they led to a decrease in imports from these countries.²⁰

For Iranian policymakers, the main issue in response to the sanctions was to identify business partners least affected by sanctions and the sensitivity of different countries to the pressure caused by sanctions. Iran's trading partners can be classified into three categories according to their sensitivity in response to sanctions: countries that are very sensitive to sanctions (such as EU member states), relatively sensitive countries (such as China and India), and non-sensitive countries (such as Iraq and Afghanistan). Comparing Iran's export growth to each of the above countries shows the importance of complexity. The high growth of exports to non-sensitive countries compared to highly sensitive countries indicates the methods of changing the geographical composition of Iran's exports in response to the pressure of sanctions and illustrates how China became Iran's trading partner by bypassing the European Union.²¹ The year 2009 appears to be the first year for which complete data are available for countries of the three categories, the value of exports to countries with medium and high sensitivity amounted to about \$ 28 billion, and by 2018 exports to countries with high sensitivity fell to less than \$ 19 billion, while exports to countries with medium sensitivity amounted to \$ 52 billion, and exports to non-sensitive countries rose in the same period from \$ 6 billion to \$ 13 billion. In this group, the emergence of Iraq as a major export destination acquires special importance, in 2009 Iran's exports to Iraq were \$ 5.4 billion, while in the same year, Iran's exports to the European Union amounted to \$ 13 billion, and in 2018 Iran's exports to Iraq amounted to \$ 9 billion, while Iran's exports to the European Union fell to \$ 11 billion, and in this way during the sanctions period helped the emergence of regional markets, which is part of the geographical complexity Iran's exports, to compensate for the country's decline in exports to countries with high sensitivity to sanctions. The growth of Iranian exports to non-sensitive countries between 2009 and 2018 exceeded other categories by a whopping 121 percent, and when oil exports were affected by sanctions and oil demand fell, Iran was able to find ways to respond to the decline in demand for its oil to use this complexity to its advantage. Iran's domestic oil consumption included developing manufacturing capacity, allowing Iran to offset the decline in oil exports through the production and export of petrochemical industry products. In addition, Iran has been able to convert part of its dependence on imports from high-sensitivity countries to imports from medium-sensitive countries, either by supplying spare parts and machinery produced in these countries, such as Chinese goods or by relying on the re-export of European goods through the United Arab Emirates.²²

Iran's economic resilience in the face of sanctions is also shown by adaptability in the production sector, and the Iranian production sector recently enjoyed a great ability to deal with sanctions by the Trump administration in 2018, and during the period of the COVID-19 pandemic, this sector proved to be the engine of economic resilience, due to the ability to increase income from non-oil exports.²³

Second: Fiscal policy:

Government fiscal policy changes affect the total demand directly and indirectly, the gross national product changes in a cycle and may affect disposable income, income distribution, price level, etc., in general, there are two different types of government fiscal policy tools, the first is income policies and spending policies, and income policies or taxes are policies that include income tax rates, personal income tax rates, joint stock company profit tax rates, tax bases and rates. Taxes and social security payments. According to macroeconomic theories with continuous government spending, the increase or decrease in the tax rate leads to a decrease or increase in the gross national product or an increase or decrease in the stock market indirectly through macroeconomic variables (disposable income and price level). On the other hand, expansionary or deflationary policies can change stock prices by affecting the general level of prices, and the price level in the Iranian economy is currently suffering from the structure of stagflation instead of increasing GDP and employment has a negative impact, but these conditions cause more recession and rise prices.

²⁰ Seyed Mohammad Fahimi Fard, Investigating the Effects of Economic Sanctions on Iranian Environmental Indicators Using the Self-Regression Model of SVAR Building Tankers, Quarterly Economic Modeling, Issue III, 2019, m.fahimifard@agri-peri.ac.ir p. 100.

²¹ Iran under Embargo, Research Essay on Contemporary Iran SAIS, Johns Hopkins University, Washington, 2020, pp. 10-11.

²² IMF Regional Economic Outlook for the Middle East and Central Asia , <https://www.imf.org/en/Publications/REO/MECA/Issues> - [sues/](https://www.imf.org/en/Publications/REO/MECA/Issues) 2020/10/14/regional-economic-outlook-menap-cca .

²³ Iran under Embargo, Research Essay on Contemporary Iran SAIS , Previous source , pp 13-16 .

again, and as a result, the level of investment decreases and the decrease in investment leads to a decrease in the growth of industries and reduce their profitability.²⁴

The Iranian economy has witnessed a negative gap in GDP since 1975, mainly due to the decline in oil prices and revenues, so that this trend continued until the early eighties with the beginning of the eighties and the beginning of high oil prices, the Iranian economy entered a period of positive economic gap and continues until 2011 with low oil prices and low exports of Iran and revenues begin to decline, and after tightening economic and political sanctions we see a negative gap in output for the Iranian economy, so from For better implementation and efficiency of economic policies, it is necessary to pay attention to and forecast the production gap.²⁵ Where the fiscal policymaker was interested in the stability of production and followed a negative financial system, so that whenever production fell below potential production, the fiscal policy maker in response to this decrease in the production gap increased his tax revenues so that the government budget deficit is significantly reduced, and the increase in oil income led to an increase in the tax income of the government, and the fiscal policymaker had a great reaction to changes in oil revenues by modifying his fiscal policy tools.²⁶ Also, the relationship between the flexibility of the tax system and the economy of resistance and the increase in the ability of economic resistance in the presence of comprehensive sanctions on an economy that depends on foreign countries mainly by increasing production and improving production relations of the country, and in the current situation of the Iranian economy there is a lot of pressure on some tax rules such as corporate tax and taxes on wages and salaries, which increases production costs and weakens the motivation to work and productive economic activity in the country, and has effects such as exacerbating the recession In this case, expanding tax rules can increase tax revenues and reduce pressure on existing tax rules, which in turn boosts production and thus increases the country's economic resistance threshold.²⁷ Ahmadinejad's tenure as Iranian presidency was also characterized by an expansionary fiscal policy, through which the volume of cash liquidity doubled sevenfold in 2013 compared to his first presidency, and this expansionary policy was driven by the petrodollars flowing into the state treasury, and Tehran was able during the first period of his presidency to achieve more than \$ 700 billion in oil revenues.²⁸ The government of Ahmadinejad also worked to modify the course of economic reform internally, by changing concepts in the banking system, due to the change of leadership in the banking administration so that banks are a tool for service, whether for borrowers or financiers, and not a tool for profit, and the government has also offered 5% of the government's shares in investment companies and instalments the price of these shares over ten years, intending to reduce the differences between the economic classes and encourage the private sector as well as preventing the exploitation of trade in shares that It was raising its prices without any factual basis, thus qualifying Iran from facing economic sanctions on the one hand and entering the World Trade Organization on the other.²⁹ It is clear that fiscal policies have had an impact on economic growth in Iran in addition to the dominance of fiscal policies in the Iranian economy amounting to 77%, and this indicates the importance of fiscal policies in the Iranian economy, through their impact on income distribution, fiscal policies improve the growth of income distribution, as well as an ideal fiscal policy to get rid of the oil economy, provided that the total government expenditures and revenues are calculated in a way that makes government expenditures independent of revenues Oil is dependent on tax revenues.³⁰ Iran's tax system also requires important reforms to increase tax revenues and thus increase tax capacity, i.e. "increase the tax-to-GDP ratio" to encourage investment, redistribute income in favour of the poor classes, develop the capital market, and contribute to balanced development.

²⁴ Mohammad Reza Salmani Bishek et al., *The Impact of Monetary and Fiscal Policy Partnerships on the Iranian Stock Market*, Quarterly Economic Modeling Research, No. 22, p. 106.

²⁵ Faizah Atomic Mohammad Ali et al., *The Reaction of Monetary and Fiscal Policies to Iran's Production Gap as Taylor's Quantel Method Approaches*, Quarterly Journal of Economic Research for Growth and Sustainable Development, No. 4, 2020, p. 97.

²⁶ Majid Maddah et al., *Investigation into the Behavior of Monetary and Fiscal Policy in the Iranian Economy through the Markov Course Approach to Economic Studies*, No. 75, 2014, p. 177.

²⁷ Amir Khadem Alizadeh, *The tax system compatible with the economy of resistance in Iran or the emphasis on macroeconomic stability, flexibility, transparency and accountability*, Journal of Tax Research, Series 80, 2015, p. 156.

²⁸ Tamer Badawi, *The Political Economy of Iran after the Revolution*, No. 17, November 2015, Cambridge University Press, p. 161.

²⁹ Muhammad Ahmad Al-Miqdad, *The Impact of Iran's Internal and External Variables on Iran's Regional Orientations Iranian-Arab Relations: A Case Study*, Humanities and Social Sciences Studies, Vol. 40, No. 2, 2013, p. 454.

³⁰ Hadi Ghaffari et al., *Optimal tax rate as a tool for fiscal policy for the dynamic optimal control theory method*, Research Journal, Series 77, 2015, p. 43.

³¹ With the increase in the tax revenues of the government, the possibility of improving the infrastructure in the state as well as investment and current expenditures of the government increased, and in this way the rate of economic growth increases, as the results indicate that at low economic growth rates, government spending as one of the elements of injection into the national income function is a factor in determining the level of total demand and thus the level of national income balance. ³² It has been noted that the financial rules that have entered the country's legislative literature in the past 14 years have practically failed to maintain stability in the amount of use of oil-derived resources. On the eve of the formulation of the country's sixth economic development plan and the repeated emphasis on the need to reduce dependence on oil in the country's public policies, three rules of fiscal policy in Iran were adopted during the sixth development plan:

1 - The first financial rule: determine the ceiling of the budget deficit without oil and reduce it annually, and as we explained in previous years, the exchange rate and the price of oil are the main factors that determine the amount of use of oil resources and this issue is one of the reasons for not achieving the objectives of the general policies of the programs in reducing dependence on resources resulting from oil exports and thus the failure of fiscal policy in Iran to achieve its most important goal, which is to help in economic stability, and currently income from oil exports is included in the first paragraph, "Conversion of Capital Assets" under the heading "Resources of Oil and Petroleum Products", and in this way, as explained by the resolution on the exchange rate and the price of oil, income shifted from oil exports to riyals and even the volume of oil exports turned into fiscal policy variables, in practice, government expenditures depending on oil resources, which are affected by the above variables, increase over time without the budget deficit appearing, and in fact the total budget balance and even the operating balance deficit cannot appear. The true face of fiscal policy, so it is proposed to choose the "budget deficit without oil" As a financial rule, the main role must be given in the design and evaluation of the fiscal policy of the budget balance without oil at the policy-making stage by the government, and it should be noted that in the implementation of the balance, the surplus resources from oil exports are deposited in the account of the Central Bank and the Central Bank, based on monetary and foreign exchange policies, deposits the received resources in the treasury up to the maximum in riyals, and according to this financial rule, the government's use of this account, which is an account in riyals, must be reduced annually to a certain amount specified in the five-year plan law, and that in the event that the Central Bank is unable to provide the riyal reserve account at the maximum specified in the annual budget for reasons such as low oil prices, the volume of oil exports, or even the decline in the exchange rate, and the government cannot use the allocation mechanism. Reduce your expenses, the government submits the budget amendment bill to the Islamic Council and determines how to cover the budget deficit, but in the opposite case, the Central Bank is committed By depositing the surplus of oil resources to the National Development Fund and it is not entitled to convert them into riyals.

2 - The second financial rule: determine the limits of the use of the riyal of oil resources in the government budget and the amount of annual changes in it, and most of the current government expenditures and capital in riyals, and these expenses are either supported by tax revenues or from the transfer of oil revenues from foreign exchange, so in order not to be affected by the exchange rate financial decisions of the government and to reduce the dependence of the budget on oil can determine the rule of limiting the government's use of foreign exchange resources in the annual budgets, and this rule prevents the government from The use of unexpected oil revenues during the oil boom.

3 - The third financial rule: linking the amount of increase in expenses to the amount of increase in non-oil revenues, according to this rule the government is only allowed to increase its expenses as much as the increase in non-oil revenues and this rule can be expressed, for example, the government must allow a certain amount every year, which leads to an increase in salaries and wages expenses to the extent that tax revenues increase ³³

Third: Monetary policy:

The most prominent events that may occur in Iran under the sanctions, the growth of inflation along with the occurrence of a shock in the money and foreign exchange markets, which will result from the decline in foreign currency income of the government in this case due to the government's inability to allocate resources properly in various sectors of the economy, with the government's ability to import basic commodities decreases and prices will gradually increase, and sanctions on Iran have led to uncertainty about the future. Due to exchange rate fluctuations and the expectation of the profitability of economic units has become questionable, so foreign investors do not want to invest their money in the Iranian economy, and the negative effects of the exchange rate on economic growth have

³¹ Zior Hatamizadeh, The Tax System in Iran, Economic Magazine, Tehran, First Issue, 2001, p. 3.

³² Seyed Alireza Alavi et al., Investigating the Uneven Effects of Fiscal Policy on Economic Growth in Iran, Multiple Regression Approach, Quarterly Journal of Economics and Modeling, Shahid Beheshti University, 2018, pp. 151-152.

³³ Mohammad Ghasemi et al., Appropriate Financial Rules for Financial Planning in Iran, Quarterly Scientific Research, m.yahoo@mghasemish, pp. 76-78.

been reinforced by sanctions.³⁴ As a result, a review of economic developments in the country indicates that almost all policies were more or less dependent on the country's oil revenues, and an interesting point to note is that the expansion of the monetary base was inevitable in almost all years, because during the period of reducing oil revenues to cover the budget deficit and when oil revenues are large to cover government expenses in riyals, the money supply increased continuously, so monetary behaviour was a function of the government's financial needs. Due to the volume of government activities in the Iranian economy, the volume of funds has increased continuously, so it can be said that there was practically no specific monetary policy (independent) and the country's monetary sector was used as one of the tools of government policy.³⁵ The imposition of comprehensive sanctions and financial and trade restrictions have put great pressure on the Iranian economy, for this reason, the Supreme Leader began to develop the theoretical framework for the resistance economy and according to this theory the Iranian economy must be transformed into an economy with a high growth rate of controlled inflation and a low unemployment rate and requires achieving these goals through the implementation of optimal monetary policy, taking into account the economic conditions of the country, which is one of the pillars, including accepting the independence of the Central Bank in decision-making and implementation and with an increase in the degree of The independence of the central bank, the inflation rate and budget deficit will decrease, as a result of which significant instability in the economy will decrease.³⁶

Given the negative impact of expansionary monetary policy on economic development, and taking into account the conditions for the continuation of economic sanctions, the most important priority should be to equip resources for the banking system for this purpose, government and state-owned enterprises should be reduced borrowing from banks, and the government should pay more attention to the central bank and allow banks under the government's directives to provide credit resources to productive institutions to achieve sustainable economic development, so the effort to reform the currency system and the exchange rate should be One of the priorities of the government.³⁷

In general, the objectives of monetary policies in Iran can be determined as follows:³⁸

- 1 – Accelerating economic growth
- 2 – Creating full employment
- 3 – Fixing the general level of prices
- 4 – Achieving balance in the balance of payments.

To reform monetary policy in Iran, attention must be paid to the following solutions:³⁹

- 1- The financial dominance of the monetary sector must be modified and the current coordination between the budget and currency treasury departments should be strengthened.
- 2 – The government's policy of paying its debts to banks and settling them through the allocation of assets and liquid shares continues.
- 3 – The banking sector has shifted to processing non-inflationary sources instead of overdrafting, such as transferring non-productive assets, reducing outstanding claims, etc.
- 4 – Synergy and cooperation in the capital market, treasury, and insurance industry, attracting foreign resources and non-inflationary and sustainable financing methods in the public and private sectors to replace the previous dependence on the banking sector in finance.
- 5 – The unregulated money market must be regulated.
- 6- The role of the central bank should be strengthened using tools such as bond sales.

Iran has also adopted bilateral or multilateral monetary agreements to reduce the effects of financial sanctions and enhance economic independence and emphasizes the complete non-dependence on the banking systems of countries such as the United States, in general, the implementation of these agreements will lead to many benefits, the most

³⁴ Hossein Basteen et al., A Comparative Analysis of Monetary Policy Transmission Channels under the Conditions of the Iranian Economic Embargo, Quantitative Regression Approach, Quarterly Applied Economics, Vol. 10, No. 34 and 35, 2019, pp. 35-36.

³⁵ Amir Hossein Mozaini, Saeed Ghorbani, Roadmap for the Optimal Management of Monetary Policy in the Iranian Economy, Quarterly Fiscal Policy, Fiscal and Economic Policy Program, Issue 5, 2014, pp. 48-49 .

³⁶ https://www.jmsp.ir/article_88274.html The economy of resistance to monetary and fiscal policies and its impact on economic growth in Iran .

³⁷ Maryam Iftikhari, Research on the Impact of Monetary, Financial, Trade and Foreign Exchange Shocks on Sustainable Economic Development in Iran, Journal of Economic Policy, No. 28, p. 431.

³⁸ Samira Zara'inejad et al., Channels of transmission of the effects of monetary policies on inflation in the Iranian economy, Markov's approach, No. 21 2020, p. 91.

³⁹ Seyed Shamseddin Hosseini, Iranian Economy and Sanctions with Focus on 2011, Special Financial and Economic Policy Report from Government Economic Report No. 2, 2012, p. 14.

important of which are: (a) Improving the position of the rial in the international economy and strengthening the position of the rial as Iran's national currency in international trade and converting it into a buyable currency for foreign exchange reserves, (b) increasing bargaining power in international trade Van Abram Given that trade in medicines, medical equipment, agricultural products and foodstuffs with Iran is included in the list of sanctions exemptions, the use of the monetary agreement helps facilitate the import and export of these goods. (c) The private sector's recovery of lost markets can lead to the formation of the above-mentioned agreements to restore markets lost due to financial sanctions by removing the restrictions of the payment system in cross-border trade, so Iranian businessmen can consult and lobby with their trading partners in other countries, especially through chambers of commerce, and try to influence the central banks of countries that deal with Iran and conclude monetary agreements in the end.⁴⁰

To develop the right solutions and measures, for the impact of fiscal policy in the Iranian economy on monetary policy, given the conditions of the Iranian economy, the outbreak of economic war and the return of sanctions, it must be taken into account that if it continues to lead to structural crises, the following solutions have been developed:⁴¹

1- Accordingly, by presenting a long-term plan, the effects of fiscal policy on monetary policy will be reduced to zero in a five-year plan and the Central Bank in cooperation with the State Planning and Budget Organization and the coordination of the Government Council will establish its independence as the guardian of the country's monetary system.

2- The first step in this direction to consolidate the independence of the Central Bank is the issue of determining the base exchange rate of the currency and depositing the difference between the basic exchange rate and the market rate to the closed account called the Government Debt Settlement Account of the Central Bank Through this work, real transparency is not established in the monetary expenditures of the government only and the government is obligated to spend only within the limits of its incomes.

3- Interference in monetary aggregates should be reduced to zero and in this way, if the government intends to implement a plan in the field of employment, housing and insurance, it should try to obtain facilities within the framework of the regulations of the banking system.

4- The government can calculate the currency gap and add liquidity by accurately determining the exchange rate in the budget.

5- The government should try to refrain from determining the discount rate and maintain the achievement of its goals and plans within the framework of financial policies.

6- The introduction of commodity prices in large quantities has various effects such as rent distribution and changes in income distribution, and the increase in liquidity has led to an increase in the gap, increased government spending, etc. Governments must follow special subsidy policies that lead to lower costs.

At the beginning of 2018, the pressure of sanctions increased on the one hand, and the other hand doubled the seriousness and planning of the Central Bank as a supervisor of the monetary, banking and foreign exchange system in the country. Reorganizing monetary policy to control inflation and create monetary stability, fortunately with the efforts of the Central Bank and the support of the government and other institutions, a legal and regulatory framework for open market operations has been provided within the framework of the new model of monetary policy. The direction of the monetary policy program from the standard path of open market operations is a fundamental reform in the history of targeting the country's central monetary policy, and changing the basic objective of monetary policy in the country is the primary goal of monetary policymakers. Market Rate Interbank, The corollary of this policy is to change the old model of mandatory interest rate determination by directing interest rates based on market logic through the sale and purchase of government bonds and the establishment of a platform to indicate the interbank rate and the interest rate on all deposits, and the guarantee of the central bank's credit channels (including overdrafts and lines of credit) is another dimension of the new monetary policy, this means that any kind of use of the bank's powerful resources, The central bank is subject to the deposit of government debt securities, treasury bills and other types of government sukuk, and only banks will have access to secured facilities, however, for this policy to succeed

⁴⁰ Ghulam Nabi Faizi Shakab et al., The function of bilateral monetary agreement in the payment system for international trade in the conditions of economic sanctions, Quarterly Journal of Defense Economics of the University and the Institute of National Defense Research and Strategic Research, Issue Nine, 2019, p. 43.

⁴¹ Development and Foresight Research Center, Research Group for Modern Planning, Budgeting and Modeling Systems No. 76, Analysis and Study of Monetary Policies in Budget Laws and Diagnosis of Existing Trends, pp. 16-17. <https://www.dfrc.ir/>

in practice, decision-making bodies need to take a supportive approach to the central bank's plans.⁴² Iran has also followed an appropriate strategy for economic diplomacy to deal with economic sanctions, which is the use of business models that do not depend on international mechanisms, among the advantages of this method we can point to the possibility of determining specific trade conditions and quick access to agreement on multilateral agreements and access to new and guaranteed markets, in addition to the development of monetary agreements to use local currencies in trade between countries and the exclusion of the dollar from the foreign trade process of Iran, makes the foreign exchange system in the country Resisting broad Western sanctions, these agreements have been developed between countries including China and other emerging economies.⁴³

1. Mohammad Ramadan Abu Sheisha, Iran. Turkey.. Israel and the Power Struggle in the Middle East, Al-Arabi for Publishing and Distribution, Cairo.
2. Mohammad Sadiq Ismail, where is Iran going? From the Shah to Nejad, Dar Al-Arabi for Publishing and Distribution, Cairo.
3. Mohammad Ramadan Abu Sheisha, Iran. Turkey.. Israel and the Power Struggle in the Middle East, ibid.
4. Samah Abdel-Sabour Abdel-Hai, Smart Power in Foreign Policy: A Study in Iranian Foreign Policy Tools Towards Lebanon (2005:2013), Dar Al-Bashir for Culture and Science, Gharbia, Egypt, 2014.
5. Jamil Milani, The Economy of Resistance and National Self-Confidence: Opportunities and Challenges to Achieve it, Economic Journal, Nos. 7 and 8, 2014.
6. Muhammad Jaafar, Jawadi Arjmand, Analysis of Resistance Political Economy in the Framework of the National Economic Theory of Frederick List, Quarterly Politics, Journal of the Faculty of Law and Science.
7. Mehri Totnchian, Iraj Afshar Ahmadi, The Economy of Resistance as a Component of Cultural Diplomacy of the Islamic Republic of Iran in the Conditions of Sanctions, Center for Strategic Studies for Cultural Relations, 2018.
8. Ilah Murad Seif, Introductions to the Roadmap for the General Policies of the Resistance Economy of the Islamic Republic of Iran, Basij for Strategic Studies, Sixteenth Year, Issue 61, Winter 2013.
9. Alireza Farhadi, Study of the Effects of Foreign Trade on Iran's Economic Growth, Journal of Program and Budget.
10. Mina Al-Mashaikhi, The First International Conference on Industrial and Trade Policies for Export and Employment Development, Institute of Commercial Studies and Research, Tehran, r.itsr@inf .
11. Ibrahim Al-Tajaei, Zahra Pour Baker, Study of Iran's Foreign Trade Policies, Quarterly Financial and Economic Policy, Second Year, No. 7, Fall 2013.
12. UNESCO Science Report: Towards 2030, Academy of Scientific Research and Technology, Arab Republic of Egypt.
13. Ayman Ibrahim Desouki, Alaa Rafiq Mansour, Strategic Hedging in Iranian Policy towards the United States of America, Arab Center for Research and Policy Studies, 2022.
14. Mohammed Abu Ghazleh, Japanese Policy Towards the Middle East: Searching for an Active Role by Balancing National Interests and American
15. Ahmed Nouri Al-Nuaimi, Iranian Foreign Policy between Constants and Variables, Amjad Publishing House, 2017 Considerations, First Edition, TRENDS Research and Consulting, United Arab Emirates, 2021.
16. Mohsen Bayat, Economic Globalization and the Role of the Military Threat in America's Strategy for the Effectiveness of Sanctions on Iran, Journal of the Faculty of Law and Political Science, Vol. 46, March 1, 2015.
17. Katzman Kenneth (2012), "Iran Sanctions", Congressional Research Service, Available at <http://www.fas.org/sgp/crs/mideast/RS20871.pdf> .
18. Mojtaba Rostami, Presentation of the Islamic Model of Foreign Trade with a Dialectical Approach to the Economy of Resistance Studied in Iranian-Iraqi Trade Relations, A Scientific Research Study of Iranian Economic Articles 2018.
19. The Center for Strategic Thought Tebien to Explain the Erosion of Economic Warfare and the Impact of Anti-Iran Sanctions, A Series of Strategic Reports, ir.Tabyincenter.
20. Seyed Mohammad Fahimi Fard, Investigating the Effects of Economic Sanctions on Iranian Environmental Indicators Using the Self-Regression Model of SVAR Building Tankers, Quarterly Economic Modeling, Issue III, 2019, m.fahimifard@agri-peri.ac.ir.
- 21.

⁴² Ali Dewandari chooses, The Path of Resistance to the Banking System, Bi-Monthly Economics Journal 2018, Issue 15, p. 8.

⁴³ Mustafa Samiei Nasab, Economic Diplomacy, Strategy for Dealing with Economic Sanctions in the Resistance Economy System, Quarterly Scientific Research for Security Horizons, Issue 25, 2013, pp. 139-140.

22. Iran under Embargo, Research Essay on Contemporary Iran SAIS, Johns Hopkins University, Washington, 2020.
23. Mohammad Reza Salmani Bishek et al., The Impact of Monetary and Fiscal Policy Partnerships on the Iranian Stock Market, Quarterly Economic Modeling Research.
24. Faizah Atomic Mohammad Ali et al., The Reaction of Monetary and Fiscal Policies to Iran's Production Gap as Taylor's Quantel Method Approaches, Quarterly Journal of Economic Research for Growth and Sustainable Development.
25. Majid Maddah et al., Investigation into the Behavior of Monetary and Fiscal Policy in the Iranian Economy through the Markov Course Approach to Economic Studies.
26. Amir Khadem Alizadeh, The tax system compatible with the economy of resistance in Iran or the emphasis on macroeconomic stability, flexibility, transparency and accountability, Journal of Tax Research, Series 80, 2015.
27. Tamer Badawi, The Political Economy of Iran after the Revolution, No. 17, November 2015, Cambridge University Press.
28. Muhammad Ahmad Al-Miqdad, The Impact of Iran's Internal and External Variables on Iran's Regional Orientations Iranian-Arab Relations: A Case Study, Humanities and Social Sciences Studies, Vol. 40, No. 2, 2013.
29. Hadi Ghaffari et al., Optimal tax rate as a tool for fiscal policy for the dynamic optimal control theory method, Research Journal, Series 77, 2015.
30. Zior Hatamizadeh, The Tax System in Iran, Economic Magazine, Tehran, First Issue, 2001.
31. Seyed Alireza Alavi et al., Investigating the Uneven Effects of Fiscal Policy on Economic Growth in Iran, Multiple Regression Approach, Quarterly Journal of Economics and Modeling, Shahid Beheshti University, 2018.
32. Mohammad Ghasemi et al., Appropriate Financial Rules for Financial Planning in Iran, Quarterly Scientific Research, m.yahoo@mghasemish.
33. Hossein Basteen et al., A Comparative Analysis of Monetary Policy Transmission Channels under the Conditions of the Iranian Economic Embargo, Quantitative Regression Approach, Quarterly Applied Economics, Vol. 10, No. 34 and 35, 2019.
34. Amir Hossein Mozaini, Saeed Ghorbani, Roadmap for the Optimal Management of Monetary Policy in the Iranian Economy, Quarterly Fiscal Policy, Fiscal and Economic Policy Program, Issue 5, 2014.
35. https://www.jmsp.ir/article_88274.html The economy of resistance to monetary and fiscal policies and its impact on economic growth in Iran.
36. Maryam Iftikhari, Research on the Impact of Monetary, Financial, Trade and Foreign Exchange Shocks on Sustainable Economic Development in Iran, Journal of Economic Policy.
37. Samira Zara'inejad et al., Channels of transmission of the effects of monetary policies on inflation in the Iranian economy, Markov's approach, No. 21 2020.
38. Seyed Shamseddin Hosseini, Iranian Economy and Sanctions with Focus on 2011, Special Financial and Economic Policy Report from Government Economic Report No. 2, 2012.
39. Ghulam Nabi Faizi Shakab et al., The function of bilateral monetary agreement in the payment system for international trade in the conditions of economic sanctions, Quarterly Journal of Defense Economics of the University and the Institute of National Defense Research and Strategic Research, Issue Nine, 2019.
40. Development and Foresight Research Center, Research Group for Modern Planning, Budgeting and Modeling Systems No. 76, Analysis and Study of Monetary Policies in Budget Laws and Diagnosis of Existing Trends.
41. Ali Dewandari chooses, The Path of Resistance to the Banking System, Bi-Monthly Economics Journal 2018.
42. Mustafa Samiei Nasab, Economic Diplomacy, Strategy for Dealing with Economic Sanctions in the Resistance Economy System, Quarterly Scientific Research for Security Horizons, Issue 25, 2013.