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The Impact of Oil Income Fluctuations on the Economy Management System and the Government's Economic Policies in Iran from 2013 to 2021

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Abstract

Oil became one of the pillars of Iran's economy from the beginning of the 14th century AH, and its traces can be seen in all political, economic, and social developments since then. Iran's economy is affected by oil and its revenues through various mechanisms. The purpose of this research is to analyze one of the dimensions of the effect of oil on Iran's political economy, that is, the government's economic policies between 2013 and 2021 and also, to identify the effects of oil on the government's policies and to provide the basis for reducing the negative effects. The descriptive-analytical research method and the method of data collection were library studies and official statistics. According to research data, domestic and international developments have caused fluctuations in oil production, price, and income, and these fluctuations are caused by certain economic policies such as financial indiscipline, inflationary programs, and relative neglect of the tax system. And it has resulted in an increase in the Gini coefficient. These policies lead to the occurrence of some economic-social phenomena and the fluctuation of economic indicators, such as the failure to achieve the goals of development plans, rising inflation rates, increasing or decreasing the class gap, creating employment in a limited way and ultimately disequilibrium. In addition, industry, agriculture, and service sectors have grown.

Keywords: *Iran, Oil, Government, Fluctuation of Oil Income, Economic Policy*

Introduction

Although the existence of oil in ancient times is mentioned in some historical sources, the history of oil extraction in the current way goes back to 1868. In this year, the first oil well was put into operation in the state of Pennsylvania, and two decades later, this vital substance opened its foothold in the industry. Oil is considered as one of the strategic goods that play various roles in economic systems. This material "in addition to providing thermal energy and household use, has various applications in industry, agriculture, and service sectors. (Zooqi, 1372: 25).

Since 1907, when the first well in Masjid Suleiman reached oil, Iran entered the jirga

of oil-rich countries and gradually became dependent on oil. The share of oil in the country's gross national product has been continuously increasing since the 1930s. According to Hazem Bablavi, the theorist of the rentier government, the amount of rentier income necessary for the construction of a rentier government is 42% of the government's general income. Considering this quorum, since 1339, the construction of the government in Iran has been rentier (Fazli). (Nejad and Ahmadian, 2009). Mahdavi, the theoretician of the rentier government, presented the theory of the rentier government by evaluating Iran's oil income and presented Iran as a clear example of it, and admitted that the share of oil

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revenues in the government's total revenue increased from 11% in 1954(1333) to 50% in 1965 AD (1344) (sheikhzade, 2012: 35). The upward trend of the oil-based economy of Iran progressed in such a way that today this country has tied many of its economic plans and policies to oil revenues.

The main question of the research is, what effect did the oil price and income fluctuations have on the economic policies of the government between 2013 and 2021? The research hypothesizes that the instability of income in this period of time has forced the government to implement policies in the field of economy that have caused the deterioration of important economic indicators. It should be noted that oil affects the economy through the mediating variable of "management" and the role of governments' economic strategy and the ability of government managers to improve or worsen the economic situation cannot be ignored. In order to test this hypothesis, oil price and income fluctuations on the one hand and the economic policies of the government on the other hand have been examined.

Literature Review

The resource curse theory, which was presented by "Auti" in 1993, suggests an inverse relationship between the abundance of natural resources and production (Asadi and Bahrami, 2012: 2). According to this theory, the existence of natural and God-given resources can delay the development process, and economies that are poor in terms of resources have performed better compared to rich economies in terms of resources; this theory also emphasizes the many institutional and political effects of natural resources (Usui, 1997, 23).

The phenomenon of "Dutch disease" as one of the economic disasters of oil was first identified in the 1960s in the Dutch economy; simultaneously with the discovery of natural gas in the Netherlands and significant foreign exchange earnings in a certain period, the real value of the parity rate of this country's currency strengthened against foreign

currencies, but this strengthening reduced the relative strength of competition in other sectors of the Dutch economy (Salvatore, 2004; 103). In the case of the Dutch disease, with the increase in the value of the domestic currency during the period of increasing oil revenues, the trade balance improves, the parity rate of the national currency against foreign currencies increases, and due to the increase in the exchange rate, the export of other sectors and goods become more expensive. Foreign exchange for other items decreases, and exports take a downward trend (Yavari et al., 2011: 32). The Dutch disease leads to the deterioration of the balance between the sectors of the economy. As a result of the entry of oil dollars into the economy of oil-rich countries, the price of non-tradable goods and services such as commercial and residential buildings, intermediary services, consulting, and education, which cannot be imported, increases (Carl, 2008:12). The strengthening of the real exchange rate will cause these sectors to face a decrease in exports while losing their competitiveness in the international markets, and in the domestic markets, they will be in favor of similar imported goods, which are cheaper in this situation (Yavari et al., 2010: 37). Dutch disease causes the rapid growth of services, transportation and other non-tradable goods in world markets and at the same time prevents industrialization and agricultural prosperity (Karl, 2008: 28).

Oil directly affects many economic indicators, in addition to this, oil revenues, as the main source of financial aid and government subsidies, indirectly affect other economic activities as well (Afarineshfar & Shahnazi, 2015).

Past experiences indicate that merely exporting oil or other mineral resources will not transform poor countries into flourishing economies within a generation (Mirtrabi, 2007: 27). According to Karl, the countries that export oil or other natural resources suffer from many mysteries (Carl, 2008). Supporters of the resource disaster idea believe that oil exports will have

consequences such as lower-than-expected economic growth, lack of diversity in economic structures, high levels of poverty and inequality, and rampant corruption (Mirtrabi, 2007: 27). Oil-selling governments do not feel worried about their financing; therefore, they will not be sensitive to taxation in order to create effective institutions and organizational structure with an efficient legal infrastructure and a centralized, strong and coherent bureaucratic system (Mehra, 2019: 210).

Examining the economic developments of oil-rich countries proves this claim. Since the 1970s, due to the increase in the price of oil, huge industrial projects were implemented in oil-rich countries, but the local forces were not able to do specialized work and avoided doing manual work, so cheap foreign labor entered these countries and a coherent program was not implemented to train skilled personnel (Hameed, 2020). While training human resources are the main pillar of economic development, workforce analysis, talent component, talent retention, etc., causing talent alignment to happen, which leads to human resource capability, and talent evaluation leads to human resource capability, which is a main component, and finally, the capability of human resources leads to the development of talent (Ghadirinejad, et al., 2023: 234).

Although the income from oil and other natural resources may temporarily act as a stimulus for economic growth, such incomes hurt economic growth in the long run (Nademi, 2017). This phenomenon reduces non-oil exports and makes the trade balance negative.

As Hirishman says, oil governments are no different from other populist and distributive regimes, they also refuse to adopt necessary adjustments by practicing and getting used to the policy of postponing the future (Carl, 2008: 179). McClure, the consultant of the International Monetary Fund, said; why should oil governments levy taxes when a change of a few dollars in the international price of oil has a far more dramatic effect on government revenues than

difficult and costly improvements in administrative techniques for tax collection? (Carl, 2008: 178). The rapid growth in public expenditure following the increase in oil prices reduces the quality of expenditure and raises future requirements including re-spending commitments that are often not sustainable in the long term. The instability of income caused by oil price fluctuations excludes the possibility of continuous and stable planning for the governments and causes ill-considered projects to be started during the period of income prosperity and during the period of income stagnation, projects are left apolitical. This matter itself plays a significant role in the loss of resources (Ghanbari, 2011: 146). In 1984, Saudi Arabia had a budget deficit of 18 billion dollars, and Algeria had a foreign debt of more than 22/6 billion dollars in 1986 (Hameed, 2020). This situation has been seen in most oil-rich countries, especially in the Persian Gulf.

Fluctuations in the exchange rate and foreign currency incomes affect the balance of payments and the budget deficit, and an increase in the inflation rate leads to a decrease in economic growth (Gaskari et al., 2005: 89). In countries with non-diversified economies and with a strong dependence on oil revenues, the share of tax revenue is very limited in the total revenue of the rentier government budget. Due to the inflexibility of current expenses, the major part of which is related to salaries and wages of government employees, the decrease in oil prices and income causes the government to reduce construction expenses and transfer them to current expenses. Therefore, its first effect is the appearance of too many half-finished projects in the construction sector. This issue causes stagnation and unemployment, especially in sectors that mainly use unskilled workers.

The main characteristic of oil revenue sources is their irregularity and uncertainty (Ghanbari, 2011: 151). Mining governments include oil governments, rentier and distribution governments (Mahdavi (1970), Delacroix (1980), and Katouzian (1981). The

economic-political power of these governments depends on their dual capacity to extract external rent from the international environment and subsequently distribute these revenues in the domestic economy (Carl, 2008: 88). The high share of oil income in Iran's gross domestic product has two effects on the inequality index; in periods of income reduction, it reduces social inequality to some extent, but in periods of increase in oil income, inequality also increases. According to Torvik and Schubert in oil-rich countries, all economic activities are focused on one factor and the workforce is increasingly transferred to the oil sector (Nademi, 2017). These countries neglect increasing productivity in industries, and "strategic innovation". Strategic innovation is the process of creating growth strategies and creating a new product, service, or business model that changes the game in favor of the organization and creates important new values for customers, consumers, and the organization (Sayyari, et al., 2023: 73).

Of course, the scourge or the curse of resources does not mean that we claim that the abundance of resources always inevitably leaves negative effects on economic growth and development, but the degree of influence of oil on economic development comes back to the quality of institutions.

Oil Fluctuations of the 2011s

The period from 2013 to 2021 is considered one of the most volatile periods. According to the head of the Chamber of Commerce, Industries, Mines and Agriculture, "the 2011s in the history of Iran's economy was accompanied by many external and internal shocks. The shock of sanctions, the currency shock of 2012 and 2013, the shock of the sharp drop in oil prices in 2014, the JCPOA agreement, and then the US withdrawal from the JCPOA, followed by the currency shock of 2018, the shock of exchange rate stabilization, the shock of Iran's removal from the global oil market, the shock of the outbreak of Corona, which affected the economy for two years (Portal of

the room of Bazgani, 2022). In the first years of the 11th government, the oil income did not change much compared to the end of the previous government. In these years, although the oil embargo was still in place, there were still ways to export oil and receive its money late or through barter transactions using some difficult and unconventional solutions. Despite the sanctions, Iran used to export about one million barrels of oil per day. In those years, the embargo on oil tankers was not so severe compared to 2017, and even oil tanker insurance was managed using special methods and spending more money. The amount of crude oil production, which was 3.5 million barrels per day in 2013, decreased to 1.8 million barrels in 2016 (Central Bank, Time Series Information) and in 2017, this decreasing trend intensified.

The price of oil fluctuated greatly during this period. In the first months of the 11th government, the price of oil was around \$100. But after that, the price began to decrease and fell into the lowest level, i.e. \$30 per barrel. According to the available statistics, from the beginning of 2012 to the end of spring 2017, more than 294 billion and 272 million dollars of oil have been exported. In this period, the highest oil income was achieved in 2016, which was equal to 65 billion and 818 million dollars. From the spring of 2012 to the end of June 2017, the government earned a total of 294 billion and 272 million dollars in oil revenue. Although in 1392, Iran's oil income was equal to 64 billion 540 million dollars, this figure decreased to 55 billion 406 million dollars due to the drop in oil prices in 2014. This trend continued in 2015, so this year Iran earned about 31 billion dollars in oil revenue. In 2014, the nuclear agreement made it possible to sell oil for a while, so 2015 was a profitable year for Iran, and in this year it was facing a growth of more than 41% in its oil exports. The country's oil income at this point reached more than 55 billion and 700 million dollars. From the beginning, the 11th government focused on foreign policy issues and tied internal developments with the improvement of foreign relations. Based on

this, negotiations with 6 countries, the United States, Russia, China, England, France, and Germany (on behalf of the International Atomic Energy Agency) became the priority of the government and the national economy became strongly dependent on international developments. The start of nuclear negotiations led to a partial opening in foreign relations and the reduction of sanctions, but with the inauguration of "Donald Trump" in America and the tightening of economic sanctions, the sale of oil faced serious obstacles.

In 2009, oil revenues were 90,191 million dollars, which increased to 1,181,861 million dollars in 2010. In 2011, due to sanctions, oil revenues decreased to 68,058 million dollars,

which continued to decrease and reached 310,848 million dollars in 2014. Then, from 2015, it reached 650,818 million dollars in 2016 in an increasing trend. However, due to the intensification of sanctions, it has decreased again since 2018 and decreased to 29,016 million dollars in 2018 and to 1/383.3 million dollars in the first 4 months of 2019. The total oil revenues of the country, including oil and gas condensates and petroleum products, in the period from 2012 to the first 4 months of 2019 amounted to 364 billion 498 million dollars, of which the share of the government was 240 billion 189 million dollars (65/5 percent) and the share of National Oil Company is reported to be 52 billion 652 million dollars 14 (.5 percent).

Table 1.

Iran's oil income in the years 2012 to 2019 (central bank, time series information)

Oil export revenues (million dollars)	Year	Oil export revenues (million dollars)	Year
65818	2016	90191	2012
60735	2017	118861	2013
29016	2018	68058	2014
21042	2019	55752	2015

During the years under review, the highest oil revenues from the place of oil export were in 2013 and the lowest were in 2018. With the reduction of oil revenues from oil exports, the 14/5 percent share of the oil company from oil revenues and the fund's share from oil exports relatively decreased during the years under review. The income of the National Development Fund from the total oil revenues is equal to 8 billion dollars and the oil company with a share of 14/5% is equal to 3/2 billion dollars.

Oil Fluctuations and Tax Policies

The tax culture of a country includes all formal and informal institutions that are historically embedded in the national culture and includes all dependencies and restrictions that are created as a result of the continuous interactions of these institutions (Nerré, 2001: 290). The weakness of the country's tax system is an issue that has always been emphasized by economists and politicians, but its infrastructural problems

have not been resolved so far. The first tax system of Iran was designed in today's conventional form in 1345, the main focus of which was to pay attention to direct taxes, and it was designed based on the progressive rate. The first amendment of Iran's tax system was made in 1366 following the amendment of the direct taxes law, which again emphasized progressive rates for high incomes. In this amendment, which seems to be affected by distributional orientations (up to the allocation of resources), the progressive tax rates were increased by 75%.

Although the intensification of sanctions in 2017 created serious obstacles in the implementation of the government's economic plans, it improved the structure of taxation, a subject that has been one of the unfulfilled goals of governments and is still suffering from infrastructural weaknesses. Even after the tightening of the oil embargo in 2018, tax evasion was still very high. According to the head of the Planning and Budget Organization, about 75% of tax

revenues were not realized in 2018. The fragile actions of the government in the field of reforming the tax system were in no way appropriate to the needs of the country, and the national economy is still facing phenomena such as tax evasion.

According to paragraph (j) of Note 6 of the budget law of 2018, all medical, paramedical, pharmaceutical, and veterinary professions and professions whose activity license is issued by the Ministry of Health, Medical Education, Iran Medical System Organization, or the Veterinary System Organization are obliged to be allowed to use the store terminal in the framework of the regulations of Note 2 of Article 169 of the Direct Taxes Law and its subsequent amendments and additions from the beginning of 2018. But the results of the investigations show that out of the 110,000 people who have professions and businesses mentioned in the statistics, only 45,500 people have registered in the tax system, which, of course, does not mean that they use the store terminals (budget deduction report, 2018).

Foreign Trade and Foreign Exchange Policies

Most of the developing countries are facing the problem of a negative balance of trade the capacity for the advancement of institutional quality is weak in the majority of developing countries and their trade partners have good governance conditions concerning increasing the rate of exports (Rezaee and Karimi, 2023: 25) At least part of the commercial policies of the government in the years 2013 to 2021 were subject to oil price and export fluctuations. On the one hand, the volume of goods trade increased in parallel with the improvement of oil sales in the years 2014 to

2016 and on the other hand, the government increased the dollar rate in order to compensate for its budget deficit after intensifying sanctions and reducing oil revenues. This policy reduced the real wealth of the people and caused a decrease in the household welfare index. Farshad Momeni has analyzed the business policy of the Rouhani government as follows:

The Americans have admitted that: We understood that for an underdeveloped country in dire circumstances, there is no tool as strong as currency support to face small and big crises. Therefore, we have planned that Iran's foreign exchange resources will be used in consumption, luxury, luxury and non-developmental ways and these will be completely deprived of that support. I say that if we compare the average annual export between Ahmadinejad and Hassan Rouhani, we will find that they are almost equal and Hassan Rouhani has slightly broken Ahmadinejad's record and the intensity of importing luxury, luxurious, non-development and anti-development goods in this period has not decreased in any way from the previous period. Unfortunately, the events that you have seen in the last month regarding the disclosure of the allocation method and the functioning of the allocated dollars, show that there is no order (Momini, 2018).

The export statistics of oil products and non-oil goods show the fact that before the tightening of sanctions in 2017, the government did not make much effort to increase the export of non-oil goods. As Table No. 2 shows, oil exports increased by more than 100% between 2014 and 2016, while non-oil exports showed a relatively constant figure during the same period.

Table 2.

Export of goods in the years 2015 to 2017

Percentage change compared to the previous year	Export of goods (million dollar)	non-oil exports (million dollar)	Oil export (million dollar)	Year
16/9	62995	31147	31848	2015
18/1	83978	28226	55752	2016
14/5	98142	32324	65818	2017

Economic Growth and Per Capita Income

Economic growth requires the competitiveness of economic enterprises, and oil hinders competitiveness; "Competitiveness is currently a central issue in the world and it is mentioned as a means to achieve the desired economic growth and sustainable development" (Anvaripour et al., 2023: 101).

The results of economic policies can be seen in indicators such as economic growth, per capita income, and the price index of goods and services. In fact, these indicators represent economic policies that change under the influence of oil fluctuations. In Iran, economic growth is mainly dependent on oil revenues. For this reason, at a time when oil revenues have decreased either due to sanctions or the drop in oil prices, economic growth has also moved in this direction. Statistics show that in the 2011s, economic growth was very fluctuating and the average growth rate was close to zero. In half of the 90s, negative economic growth was reported, and in two years, the economic growth was less than negative 6%.

Another problem caused by oil is the ineffective increase in economic growth. In countries like Iran, where a large part of the national production is made up of raw products such as oil, strong annual fluctuations in the price and amount of production of raw materials can show high economic growth without a serious change in the amount of production of goods, services and the number of workers in the country. Accordingly, in the first nine months of 2015, Iran's nominal GDP increased by 11.6% compared to the same period in 2014, due to the export of one million barrels of oil as a result of the cancellation of oil sanctions and the doubling of the world price of crude oil. This was while Iran's non-oil economic growth, which gives a comprehensive picture of the country's production and employment situation, was only 1.9%, which is a very low growth for an economy with Iran's characteristics. Meanwhile, Iran, with its per capita income and low employment ratio, needs economic growth higher than 2 or 3

percent to increase the standard of living and public employment.

Per capita income, which shows the average share of each citizen in the gross national product, is affected by production and trade, and these two also experience prosperity or recession due to fluctuations in oil income. The country's per capita income has been declining in the 2011s (except for 2016). The highest amount of per capita income in this decade is related to the year 2011 (75 million Rials), which can be attributed to the increase in oil income in the last years of the 2001s, and the lowest annual per capita income was achieved in 2018 (about 48 million Rials) after the withdrawal of the United States from the JCPOA and the tightening of the oil embargo.

Liquidity and Inflation

The 11th government initially used all its power to achieve two goals: 1- Solving the nuclear issue and improving foreign relations 2-Controlling inflation. Both programs failed despite their short-lived success. According to the table published by the economic Vice President of the President, "the inflation rate of 2019 was reported by the Central Bank as 47.1% and by the Statistics Center as 36.8%." (Iranian Agriculture Information Base, 5/16/1400).

There is a huge difference of more than 10% between the statistics of these two institutions. It should be noted that the average price is included in the table and the inflation rate is not a point that is considered a more suitable indicator for touching inflation in the society for the basket of food and non-food goods, which experienced inflation above 50%. On the one hand, oil helped increase liquidity and inflation in the early years of the 11th government, and on the other hand, after the tightening of sanctions, currency policies based on the budget deficit fueled inflation.

In 2013, Iran's oil revenue was equal to 64 billion 540 million dollars, but this figure decreased to 55 billion 406 million dollars due to the drop in oil prices in 2013. This decreasing trend continued in the following

year and reached about 31 billion dollars. After the JCPOA agreement, Iran was able to increase oil exports by about 41% in 2015 and increase its oil revenues to more than 55 billion and 700 million dollars. Then, in the first year of the 12th government in 2016, the income from oil sales reached about 65 billion and 800 million dollars.

The inflation rate at the beginning of 2012 was about 30%; , The 11th government tried to reduce the inflation until 2016, so it reached 9% in 2016. But in the twelfth government, under the influence of structural and functional factors, especially fluctuations in oil income and interfering factors outside the country, and especially in the last two years of the government's life, the government lost its efficiency and effectiveness, so that most of the discussion of Iran's economic sanctions by the United States occurred and the inflation rate increased to 31.2% in 2017 and to 41.2% in 2018.

"Inflation of liquidity" depends on the fact that we are in a period of abundant oil revenues; because during the period of abundant oil revenues, the monetary base increases through the accumulation of foreign exchange reserves of the central bank; Dutch disease occurs because imports are made with cheap currency. In fact, cheap imports prevent the world's tradable goods from facing an increase in price, and as a result, the inflationary pressure puts a burden on housing prices and assets that cannot be imported. For this reason, its reflection in inflation is not high. But in a situation where we are facing a lack of oil income, the lack of oil income causes the budget income to decrease, so governments try to reduce their expenses during the period of decrease in oil income. But they cannot reduce their expenses as much as the reduction of oil income. This process causes the monetary base to increase due to the government's debt

to the central bank. That is, on that side, liquidity increases due to the government's budget deficit. But it is not possible to import like in the period of oil abundance, and the pressure on the foreign exchange market increases due to the lack of foreign exchange earnings, and the mechanism of inflation and the relationship between liquidity and inflation occurs through the exchange rate channel (Nili, 2021).

In terms of payments, the government budget includes current and construction credits and expenses from specific sources of income. The budget deficit is the gap between government receipts and payments (Asgharpour and Khanian Baradaran, 2017: 5).

Economic growth in 2017 was negative 4.9 and in 2018 it was negative 7. The purpose of bringing the riyal amounts of the gross national product has been to show the national income at its riyal value during the specified years.

Two points are evident in this section, firstly, the gross national product income from oil in 2014 was lower than that of 2013, which shows the decrease in oil income, which is the source of the sanctions on Iran and the lack of oil purchases by the buyer countries, and secondly, the amount of gross national income Without oil, which has increased in 2014 at least in terms of Rial income compared to the previous year. Although these revenues have increased in these years in terms of Rials, on the other hand, in 2011 and with the sanctions in 2012, the national currency of Iran suffered a sharp fall to the point where the value of other international currencies such as the dollar increased up to 3 times and the value the national currency in Iran decreased. Although this is not the topic of this research, bringing the riyal amount of GDP is only to show the Rial value of GDP in certain years.

Table 3.

Developments of Iran's economic growth in the years 2013 to 2017

(Central Bank, Economic Time Series and National Statistics Portal of Iran)

Economic Growth (Percent)	Production of gross national income in terms of economic activities at the base price without oil (billions of Rials)	Production of gross national income according to economic activities at base price (billions of Rials)	Year
-0/6	8171234/3	9842618/7	2013
-2/6	9725196/8	11260089/7	2014
0/5	10088453	11129032/8	2015
1/12	11158723	12722850	2016
3/9	12803287/1	14807101/1	2017
-4/9	--	--	2018
-7	18/6	--	2019

In the 1990s, Iran's economy went out of its normal state, and with the imposition of sanctions and economic pressures on Iran, Iran's economy entered a critical phase, which is evident in the country's economic growth rate during the 90s. Iran's economic growth was about 3.2% in 2010, but it reached 7% in 2018.

During these years, these fluctuations did not happen in a normal economic state, and the economic growth suffered from a situation where cost factors such as sanctions and on the other hand important financial and currency factors such as oil led to a decrease in the sale of Iranian oil because of the imposition of sanctions against Iran. As a result, due to the sanctions and other consequences of the sanctions, the economic growth rate of Iran reduced in this decade. Oil income can help increase the rate of economic growth, but whenever oil income decreases, its effect on economic growth is also evident.

Although we do not intend to attribute the decline in economic growth rate entirely to oil, we cannot deny the positive role of oil income on Iran's economic growth. Iran's economic growth rate reached -6.2 in 2013, which is a decrease of more than 9% compared to the previous year, which is unrelated to the sanctions that happened that year, and as a result, Iran's oil sales decreased. But in 2013, the economic growth was again negative, but it increased compared to the previous year, and this decrease was accompanied until 2016, when Iran's economic growth suddenly jumped to

12.1 percent in 2016, which is unprecedented in these years. In 2015, the sanctions on Iran were reduced due to the agreement with the 5+1 and the signing of the JCPOA, and the embargo on the sale of Iranian oil was also lifted, and Iran was able to sell more than 2 million barrels of oil per day, and with the increase in government revenues, these factors caused an increase in the rate of economic growth. In 2016, the economic growth rate decreased compared to before and reached 7 in 2018, and the reason for this decrease in the economic growth rate is again the sanctions and the return of sanctions against Iran, and as a result, the decrease in oil sales in the world market due to the US sanctions against Iran in relation to with Iran's nuclear program, led to a decrease in economic growth.

Oil and Employment Policy

Regarding the relationship between oil and the unemployment rate, one important point should be noted, firstly, the positive effect of increasing oil income on job creation requires government policies. In fact, in this context, the role of the government and its strategies as a mediating variable is very prominent, and second, due to the time required to create new and stable jobs, in some cases, the effects of oil income reduction or increase on the employment and unemployment levels appear with a delay. According to the report of the Research Center of the Islamic Council, 700 thousand jobs were created in 2013. This number reached minus 50,000 in 2013, and 600,000

jobs were created in 2014 and 2015 (Majlis Research Center, 2016: 3).

The active population is defined as people who participate in the production of goods and services, or who can participate and work, and in general, it includes unemployed and employed people who have the ability to work. The rate of the economically active population in Iran has always been increasing from 2010 to 2016, and this rate was 36/9% in 2010, and in 2016 this rate reached 40/3%, which shows that during this period of time, the rate of the active population has increased. During this period, the government was waiting for the sanctions to be lifted and did not support small businesses much, while "supporting the development of small and medium enterprises of the private sector is a main part of the general policies of developed economies" (Ekhlasmad et al., 2023: 2)

The unemployment rate of the whole country has experienced fluctuations and these fluctuations were not people who were unemployed and previously employed. In addition, there were fluctuations with the rate of active population and the unemployment rate. And also, retrenchment in some production workshops resulting from the economic problems caused by the embargo, reduces the foreign exchange income from the sale of Iranian oil. This rate has also fluctuated: In 2010, it was at a rate of 2/6%, and in 2016, this rate reached 2/7%, which was accompanied by an increase, and the unemployment rate was accompanied by a negative growth. The rate of those who were previously unemployed and still do not have a job like other unemployment rates, has been associated with an increase and negative growth, and these numbers and statistics show many problems and disruptions in the economic system, which shows the economy's dependence on oil revenues. In this regard, by reducing foreign exchange earnings and imposing sanctions on the oil sector to hit the country's economy, the United States and the Supreme Security Council are trying to disrupt Iran's economy to some extent in order to accept their

demands regarding Iran's nuclear case and Iran's economic system has been accompanied by an increase due to the single product and vulnerability of Iran's economy, especially the unemployment rate

Inequality Index

The increase in inequality shows the harmful effects of the rentier economy. Inequality in access to income sources and unfair distribution of wealth provide the basis for the growth of the Gini coefficient. In such a situation, the more oil income increases, the more negative its impact on the equality index will be. Due to the possession of oil wealth in the hands of the government and the creation of a rentier government, rent increases inequality, and therefore oil revenues contribute to the increase of inequality at the level of society due to the government's rentier system.

The Gini coefficient as a measure in the index of inequality in the 2010s has been associated with an increase in inequality compared to the 2000s. In this decade, at the same time as the global oil price declined and Iran's oil sales declined due to the imposition of sanctions, inequality increased; although the increase in oil income helps to increase inequality, the reason for that is the improper distribution of wealth: however, the decrease in oil income is due to the fact that this unfair distribution in the conditions of embargo and the problems of selling oil and the abuse of some of these conditions has distributed the wealth more unfairly among the social classes.

In 2011, the Gini coefficient was 0/375, and in the following years, it was accompanied by an increase, and in this year, the lowest value of the Gini coefficient was also in the decade of 2010. In 2017, the Gini coefficient reached 0/4093 percent, which has the highest change and increase in the range of the Gini coefficient, and inequality in the country continued and increased according to official statistics in this decade in 2015. This year, after four years of international sanctions, many sanctions were lifted in Iran, including the sale of Iranian oil,

but this index has grown and followed the increase in inequality. One of the very sad and shocking realities in Iran's economy is the effective demand crisis; That is, the intensity of unjustified inequalities has reached the point where our poor are not able to buy domestically produced goods and our rich are unwilling to buy them (Momini, 2017).

Conclusion and Suggestion

One of the prominent features of economies dependent on natural resources, especially oil-based economies, is the fragility and instability of income. Oil, along with various businessmen, imposes anti-development policies on governments or at least encourages governments to implement such policies;. The inflow of foreign exchange from the sale of oil reduces the necessary incentive for production, industrial research, and investment, and causes the government's tendency towards imports. As a result of the Dutch disease, the service sector will have unbalanced growth as a non-competitive sector compared to industry and agriculture. This imbalance fuels the increase in the population of metropolises and aggravates the phenomenon of macrocephaly in oil-rich countries; a phenomenon that is the cause of many economic problems such as skyrocketing inflation in the housing sector. In addition, the weakening of the production sector reduces employment and increases the unemployment rate. The high oil income reduces the government's need for taxes and prevents the formation of a strong and efficient tax system. Abundance of resources reduces the level of sensitivity of planning and managers are not so worried about the inefficiency of economic enterprises because the lack of productivity of these enterprises is compensated by oil revenue. On the other hand, the abundance of oil resources weakens the financial discipline of the government. The extreme fluctuations of oil prices and income cause the instability of economic policies and destabilize economic planning. Fluctuations in oil income through changes in economic policies cause adverse economic

phenomena and a drop in economic indicators. On the other hand, fluctuations can directly change the indicators and force the government to adopt specific policies. Of course, oil can also have positive economic effects, especially the abundance of oil income can provide the basis for higher economic growth and the adoption of supportive policies. Based on the research data, the following are suggested:

1- Calculating oil income in economic growth is misleading and makes economic planning difficult, so it is better to calculate economic growth without the growth of the oil sector.

2- Expenditure of oil income in the public budget, especially the payment of salaries of government employees from oil income, causes the growth of inflation. Therefore, it is necessary to increase the share of the "National Development Fund" from the oil income and direct the oil money towards long-term investment.

3- In order to reduce the dependence of the country's economy on oil, it is necessary to increase the share of taxes in the annual budget. Realizing this requires designing a comprehensive tax system, reducing tax exemptions and taxing new and virtual businesses.

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