

IRAN'S RESISTANCE ECONOMY: LESSONS FOR PAKISTAN

On 11th February 1979, a huge upheaval took place in the Middle East. The most reliable ally of USA in the region turned into its bitter foe, as Ayatollah Ruhollah Khomeini's Islamic revolution managed to overthrow Pahlavi dynasty, subsequently bringing a permanent end to monarchy in Iran. As a result, Iran was made subject to brutal economic war which continues to date. Necessity is the mother of inventions and as in this case, Iran not only managed to survive but also made considerable progress in economy, human development and national defense. All this was possible due to the unique model of "resistance economy", an idea officially presented by the Supreme Leader of Iran Ayatollah Syed Ali Khamenei on 24th July 2012. This idea was based on ten basic points regarding the management of Iranian economy under pressure of brutal U.S. sanctions. The points on which "resistance economy" is based are: -

1. Creating dynamism
2. Resistance against threatening elements
3. Reliance on domestic capacities
4. Adopting a jihadi outlook
5. Making the people the pivot
6. Security for strategic and fundamental goods
7. Reducing oil dependence
8. Reforming the norms of consumption (no decadence and waste)
9. Combatting corruption
10. Promoting a knowledge-based economy

While this idea was presented by Iranian Supreme Leader in 2012, this has been the actual Iranian economic policy since the Islamic revolution. Despite harsh economic sanctions right from 1979, the imposition of eight-year Iran-Iraq war just after the revolution and being involved in proxy wars in the Middle East, Iran has not only survived but has made clear strides in economic and social development, even surpassing its neighbors and regional countries. With strong ideological roots yet displaying pragmatism and wit, Iran has managed to make its economy a role model for developing countries. Here, we will have a detailed outlook of Iran's economic development against all odds and difficulties, accompanied by what lessons this unique economic model carries for Pakistan.

The biggest challenges which almost all economies are facing today are poverty and income disparity. These two problems, exacerbated by Mohammad Reza Pahlavi's "White Revolution", paved the way for Islamic revolution's success. This automatically made combating poverty and income inequality a top priority for revolutionaries. As a result, under the Pahlavi dynasty, which had the benefit of getting Western aid, poverty exceeded 25% while the post 1979 Islamic Republic, under strict United States sanctions and economic blockade managed it bring it down to 10.7 % as per 2017 estimates. One of the main issues haunting even the developed economies like China, the urban rural divide, has been eliminated in Iran, thanks to the Islamic Republic's policy of developing basic infrastructure in rural areas on priority basis. In 1977, the rural homes having access to electricity supply numbered at a meagre 16.2%. This number shot up 57.1% in 1983, despite the fact that Iran was in a state of war with the then Baathist Iraq. Following the end of Iran-Iraq war and subsequent reconstruction period, the rural households having electricity access rose to 98.3% as per 2004 calculations. Access to electricity to rural households led to a considerable moderation in rural life. This can be judged from the fact that the rural homes in possession of refrigerators stood at 7.6% in 1977, jumping to

35.5% in 1984 and reaching 92.4% in 2004. Similarly, TV ownership in rural areas jumped from 3.2% in 1977 to 26.6% in 1983 and 89.1% in 2004, highlighting the fact that Iran has managed to ensure almost equal development of peripheral areas along with major urban cosmopolitans.

The rising challenge of climate change and the geo-political uncertainty makes it imperative for countries to take drastic measures for ensuring food security. Despite the fact that only 12% Iran is suitable for agriculture, Iran has managed to attain an applaudable progress towards self-sufficiency in this sector. According to United States Institute for Peace, Iran imported 65% of its food in 1979, but despite population increase and U.S. sanctions, Iran now produces 66% of its food basket domestically. For a country with inhospitable agricultural conditions, this is by no means a small feat, particularly taking into account its economic and geo-political isolation. The dividends of agricultural development can also be judged by the fact that Iran's global hunger index score has dropped from 8.5 in 1990s to under 5 and the percentage of underweight children has dropped from 16% in 1990 to 4.1% as per 2014 estimates. This was achieved by a multi-pronged program of subsidies to farmers and trade productions. Iran subsidizes agricultural inputs like water, electricity and fertilizers along with providing price floors to some twenty crops, which boosts agricultural productivity. This is followed with consumer subsidies on basic foodstuffs, hence boosting supply. Apart from this, heavy tariffs are imposed on imported crops, ensuring an edge for the local farmers. As a result of this efficient planning, Iran has managed to achieve this miraculous development in agriculture and this development is expected to boost up in coming years, making Iran more food secure. To achieve self-sufficiency, it is imperative to have a knowledge-based economy, which requires an educated and skilled population and opportunities for them to use their acquired education and knowledge. To fulfill the vision of resistance economy, Iran has paid special attention to improve education. This can be judged by the fact that Iran's literacy rate, which was 39% in 1979, has now risen to 93%, well above the average literacy rate (67%) of the middle east. There are 99 science and technology parks in Iran, associated with various universities, which allow youth an opportunity to use their knowledge for the betterment of their country. This has allowed Iran to develop its own search engine (Parsijoo), its own video sharing app (Aparat), its own android operating system. It also has a robust smart phone industry and it is expected that by the end of 2022, more than 2 million smart phones will be produced in Iran. This is a clear indication that despite sanctions, the tech sector in Iran has shown significant growth which has not only softened the impact of sanctions but also allowed Iran to diversify its economy, which was solely dependent on oil revenues prior to the Islamic Revolution. The Islamic Republic's focus on education has also led to the development of quality medical education system. This, coupled with prioritized investment in healthcare makes Iran's healthcare system ranking the 30th most efficient healthcare system ahead of USA, world's superpower. Hence, Iran has become a popular destination for medical tourism for countries like Iraq, Syria and Azerbaijan. Iran's oil revenues, along-with its developing tech sector, improving agriculture, religious and medical tourism has made Iran an upper middle-income country despite being under tremendous pressure due to U.S. sanctions.

Developing countries with national security challenges often face a trade-off between spending on defense and human development, with India and Pakistan being the classical examples of this dilemma. However, Iran with its efficient management has ensured that its spending on national security does not impact its human development and vice versa. The prime reason of this success is again the policy of self-sufficiency in defense sector adopted by the Islamic Republic as a part of its resistance economy. Faced with a war imposed by Baathist Iraq along-with economic and military

embargos, Iran moved towards indigenization of defense equipment, moving away from the Pahlavi dynasty's policy of relying on Western and Israeli equipment. Despite economic sanctions, Iran has moved from having a weak small arms industry during Pahlavi era to manufacturing tanks, missiles, APCs and even fighter jets without foreign assistance. It has also managed to make giant strides in the production of UCAVs (combat drones), which military experts believe will radically change the nature of warfare. Advancement of local defense manufacturing coupled with decent training has allowed Iran to create a respectably strong military, capable of defending Iran's borders as well as helping Iran's non-state allies in Palestine, Lebanon, Iraq, Syria and Yemen. The progress of Iran's defense industry is another feat for Iran's resistance economy, which is based on standing up on own feet rather than relying on others.

Pakistan is a country with a better economic potential than Iran. However, despite having a better economic capability and a better geo-political standing, Pakistan's economic performance is dismal and appalling as compared to Iran. The basic reason for this is that Pakistan has always relied on foreign aid, debts and imports, while Iran has always looked to strengthen its economy by being self-sufficient and improving its local industry. While Pakistan has been relying on its agriculture and textile sectors for its exports, Iran, since revolution has always looked to diversify its export base by focusing more on making its economy knowledge based rather than relying solely on traditional sources of income (oil revenues and Persian rugs). Learning lessons from Iran, Pakistan should focus on structural changes to its economy with a focus on exports and local manufacturing and shunning the easy part of importing products and surviving on foreign aid. Another important lesson which comes out from this unique model of "resistance economy" is that bottom-up economics is the only method of eradicating poverty rather than trickledown economics, which Pakistan has been following since independence. Pakistan's 70% population resides in rural areas, but in terms of incomes and basic facilities, it lies considerably behind the 30% population residing in urban areas. To eradicate this problem, Pakistan has to give up its policy of facilitating the elite with the hope of that money trickling down the poor and follow Iran's model of prioritizing the development of rural infrastructure and making basic facilities like education, quality health care easily accessible to lower middle and lower classes. In short, Pakistan needs to come out of its comfort zone, move towards self-reliance and focus on diversifying its economy by promoting a knowledge based economic model based on local manufacturing and development so that there is a long-term solution to our economic woes.