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Investigating the Effect of the Oil Curse on the Creation of a Rentier Government and the Reduction of Economic Growth in Iran

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- increasing the income of natural resources makes the democratic rulers autocratic.
- Increasing the income from natural resources reduces the share of other Gross Domestic Product (GDP) sectors.
- Increasing the income of natural resources can reduce economic growth.
- Corruption and inequality arise in the rentier state and lead to revolution.
- Rentier state is inefficient in savings, public spending, monetary base and taxes.

ABSTRACT

In this article, we will examine the category of the oil curse; how it affected Iranian revolution in 1979, and then the change of a royal system to an Islamic Republic system and its growth and maturity in the form of a corrupt system in the Islamic Republic of Iran (I.R. Iran) regime. In other word, the experience of the Pahlavi royal system (1979-1925) after the third and fourth periods of development plans (1962-1968) (1968-1972), and at the beginning of the fifth period of development plan (1973-1979) after suffering from the curse of oil due to the increase in income from The increase in the world price of oil, which was obtained due to the defeat of the Arabs in the Yom Kippur War and then the global embargo of oil by the Arabs.

Article info:

Key words: single-income state, rent-seeking, government financial resources, rentier state

JEL Classification: C43, D63, N15, N55

1.Introduction

As an accountant and auditor I observed that the desperate effort of small businesses to survive and on the other hand, rich and unbelievable profits in the financial statements of institutions,organizations and companies that do practically nothing.The cases to be audited in Iran mainly include:

1- Audit of bankrupt businesses
2- Small businesses that were loss-making or broke-even in their financial statements
3- Government organizations that began to create expenses or obligations in excess of the need – mainly byassociated people - by receiving funds or earning income from the predicted places because most of them did not have the right to show profits according to the law
4- Semi-state companies[A] that show a large profit annually in their financial statements under the title of other income or not related to the purpose of the institution or company in the explanatory notes and are mostly exempted from tax by government.

The only difference between case 3 and case 1 - both of which aim at net profit in profit and loss statement - is the issue of rent resulting from the resource curse;which has been a major problem for Iran's economy for more than half a century and managed to

[A] At least, half of its shares belong to the government overthrow the last Shah of Iran - Mohammad Reza Pahlavi - [B]and bring the I.R. Iran system to a political renaissance in the best case or soon to overthrown.

1.1 Literature review

Previously, extensive research was done by economists (Katouzian, 1981) (Amuzegar J. , 1997)(Pesaran, 2011)(Hadi Salehi Esfahani, 2009) as well as historian (Abrahamian, 1982)about the period of 1963-1979 and the economic conditions of the Pahlavi regime, ruling Iran. But none of them had investigated the effect of increasing oil income on the creation of a rentier government.

1.2 Methodology

The research method reference to the first category sources, all statistical data are extracted from official domestic and foreign organizations. Hypotheses have been proven according to economic and statistical parameters, and all efforts have been made to avoid personal judgment.

1.3 Research limitations

1.3.1 Macro data of Iran's economy after 2007 are few and unreliable due to the termination of cooperation with international institutions.In this article, the statistical sources of the World Bank (Pesaran, 1981) and national data accounts recorded in CBIyearbook before the 2007 [C]reform are mainly cited.

1.3.2 From 1962 to 2022, the currency in Iran has depreciated by 338,950%.[D].Therefore, due to severe currency fluctuations that sometimes happened in just one month[E],it was not possible to convert Riyal prices into dollars due to data distortion and based on the Substance over form. The revised statistics of the CBI are at fixed Rial prices of 2003 (FRP-2003), the statistics before the revision of the CBI are under the title of current Rial prices (CRP) and the data from foreign sources are also stated in dollars.

2.Terminology of resource curse

2.1 Types of government revenue

The main duty of governments is to facilitate the market process (regulation of the market), monitor the fair distribution of income (Workers' rights) and maintain economic growth so that the primary goal is to maximize the prosperity of the economy for the welfare of the people and the financial capabilities of the government(Hyman-David, 2012).Governments need financial resources to achieve these goals, so they must create added value. Sometimes governments are unable to obtain the necessary financial resources due to lock of management, systematic corruption, lack of infrastructure etc. Most of the next measures are economic discipline, borrowing from the central bank, increasing taxes or exporting resources, etc. (Krugman, 2015).

In the 1950s, development thinkers believed that developing countries are facing a labor surplus and a lack of investment, and they can overcome this problem by exporting natural resources and attracting foreign investors. Although at the same time, a small group believed that this problem increases the gap between developed and undeveloped countries so that due to the extreme price changes, its income is not stable, or industrialized countries are not interested in helping these countries to progress (Rahmani, 17th year, nomber 4,2012).

2.2 Democracy in self-income states

natural resources should be one of the factors of growth. In fact, natural resources should be one of the determining factors to fundraising and create long-term economic growth (Leite & Weidmann, 1999). But we have never seen economic growth and adherence of a government dependent on natural resources to a democratic system at the same time. In fact, it seems that only countries were able to bring economic growth, prosperity and liberty to their citizens based on the elements of a democratic society that did not have any significant natural resources[F](Kurtz, 2016)(Yazdi-Hoseini, 2011).

[B] In 1979
[C] In 2007, the Central Bank of Iran (CBI) revised the accurate and coherent set of national accounts and the corresponding approximate estimate for the period 1963-2007.
[D] (1962, Rial = 0.011 dollars) (2022, 1 Rial = 3.36 e^{-6})
[E] (September 1993 and September 2017)
[F] Countries that developed without natural resources:Japan, South Korea, Italy, Hong Kong, Singapore, Belgium and Switzerland.

2.3 The starting point of the resource curse theory

The term resource curse was coined by Richard Oteyin 1993 in his book titled "Thesis Curse Resource The: Economies Mineral in Development".It was used to define how natural resources are used by politicians in countries rich in these resources for economic growth in contrast to countries that suffer poverty in natural resources

It was clearly proved thatin an interesting paradox usually countries that have more natural resources perform much worse than countries that have long-term economic growth plans. Otey states in this article: "New evidence suggests that resource-rich countries may not only fail in the use of these resources, but may potentially perform worse than countries with less natural resources." These controversial results are the basis of the resource curse theory(Rahmani, 17th year, nomber 4,2012)(SachsJeffrey, 1997).[G]

3.The oil curse and its effects

3.1 Economic growth from oil

The period between 1963 and the 1979 revolution in Iran should be divided into two separate parts. The economic developments during the years 1963-1973 can be called as the exceptional period of the 20th century of Iran. With the oil shock of 1973, the result of the Yom Kippur war, the price of oil rose from less than 4 $ suddenly to more than 12 $, and Iran's economy took a different path. (Amuzegar J. , 1977)After the entry of oil revenues into the economy since 1974, the process of creating industries and continued, which led to a change in the structure of employment and added value in the absence of a comprehensive long-term industrial development plan. Excessive injection of dollars obtained from the sale of oil and the increase of the monetary base supported by the temporary increase in the price of oil created arecessionary inflation between 1974-1978. Meanwhile, the worst years were 1978 to 1979 with 25% inflation. (Moghadam, 1988) After 1973, the Shah's[H] state management method was changed.He initiated the Fifth Development Plan[I], which was unworkable[J]. Because the country did not have the capacity to become industrialized within three or four years. But he made personal decisions and did not listen to economic managers at all (Charts-1) (Hadi Salehi Esfahani, 2009).

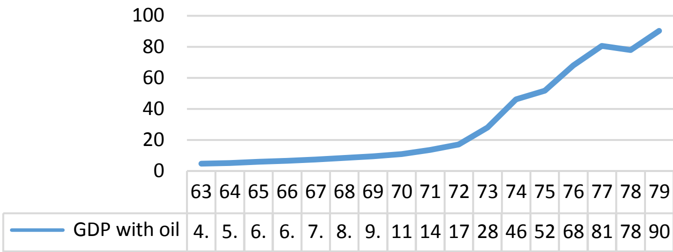


Chart-1: GDP with oil
Source:World Bank
Billion dollar

After the revolution, new regime still wanted to continue the development program but, the Iran-Iraq war (1980) and the hostage-taking of American embassy (1979), caused Iran to experience a deep crisis in exports and, as a result, a decrease in income from outside. This procedure was repeated once again after Iran's 2011 nuclear crisis and still continues (Chart-2) (Pesaran, 2011).

3.2 Comparing the growth of the oil sector with non-oil sectors

During 1963-1977, the GDP increased with a real annual rate of about 10.5% and with an annual population growth rate of about 2.7%, placing Iran among the fastest growing economies among developing countries. As a result, Iran's per capita income CRP increased from 170 $ in 1963 to more than 2,000 $ in 1978(Pesaran, 2011).

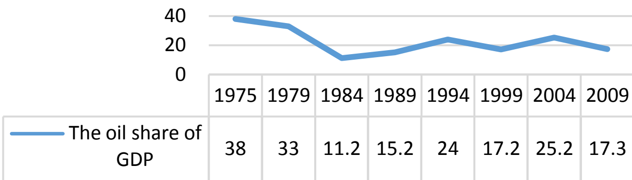


Chart-2: The share of oil in the GDP
Source: World Bank
Percentage

[G] The International Fund Monetary (IFM) has classified 53 countries as "resource rich" with at least 20% of exports or 20% of financial income from non-renewable natural resources. 43 of them have low or medium income. South Africa and Zimbabwe are the main examples of the resource curse, they have abundant natural resources, but they have not been able to use their resources. In fact, the level of poverty increases while their resources are extracted and exported to western countries. Among the characteristics of all countries that usually suffer from resource curse, we can mention poor economic performance, rent, systematic corruption and low savings rate by households (SachsJeffrey, 1997).

[H] Surname of the last king from Pahlavi Royal family and the last king of Iranian royal system before republic.

[I] The construction plans of the Pahlavi period include five construction plans to increase the economic growth of Iran from 1948-1978

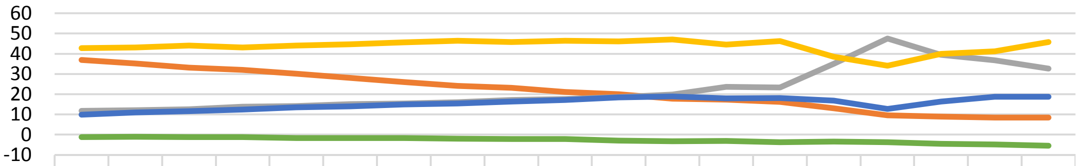
[J] Developments plans arranged to be executed in 7 to 10 years at least.

This rapid growth was not only the result of increased oil revenues, but non-oil GDP also grew at an average annual rate of 11.5 percent, slightly higher than the average annual growth rate of GDP that includes oil. However, not all sectors of the economy shared this growth trend equally. During 1978-1963, the agricultural sector grew at an annual average real rate of about 4.6 percent, while the industrial and service sectors grew at 15 and 14.3 percent, respectively (Table 1) (Pesaran, 2011).

sectors	**1963-1966**	**1967-1972**	**1973-1978**
Services	**1.2**	**13.5**	**19.2**
Industry	**12.7**	**14.8**	**17.4**
Construction	**11.2**	**14.4**	**21.5**
Production	**1.6**	**14.7**	**15.3**
Agriculture	**4**	**5.5**	**4.4**

Table-1: Five-year average growth of important economic sectors
Source: CBI
Percentage

The oil sector's share of GDP at CRP rose steadily from 13.8 percent in 1962, 23.5 percent in 1971, 47.4 percent in 1974, and to about 32.5 percent in 1977. The increase of the oil sector in the GDP was mainly achieved by the decrease in the share of the agricultural sector. In the same period, the added value of the agricultural sector as a share of the GDP has decreased from 32.1% in 1962 to 8.5% in 1977 (Chart-3).



	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977
Agriculture	36.8	35	33.0	32	30	28	26	24.1	23.0	21.0	19.9	17.7	17.3	16.2	13.1	9.6	8.92	8.5	8.5
Oil	11.7	12	12.5	13.8	14.1	15	15.3	16	17	17.6	18.5	19.7	23.5	23.3	34.9	47.3	39.4	36.6	32.5
Services	42.7	43	44	43	44	44.6	45.5	46.4	45.7	46.4	46.1	47	44.4	46.2	38.5	34	39.9	41.1	45.7
Mines	9.9	11	11.6	12.4	13.4	14	14.9	15.4	16.3	17.0	18.4	18.8	17.8	18	16.8	12.7	16.2	18.6	18.6
Imputed rents	-1.1	-1	-1.1	-1.2	-1.5	-1.6	-1.7	-1.9	-2.0	-2.1	-2.9	-3.2	-3	-3.7	-3.3	-3.6	-4.5	-4.8	-5.3

Chart-3 :The shares of sectores in GDP
Source: CBI
precentage

Also, the share of oil revenues in the government budget was about 47% in 1963, and in 1979, after the fall of the regime, it reduced 63% from 86% in 1974 (I.R.Iran, 1981). The increasing dependence of the economy on oil income was much more impressive in the foreign exchange sector. In 1962, 76% of the total supply of foreign exchange was made by oil exports, while in 1975 it exceeded 89% and in 1978, before the revolution, it exceeded 80%. But on the other side of the budget, in the expenditure sector, real consumption increased with an annual average of 11.1% in the period of 1963-1978(I.R.Iran, 1981).

3.3 Unbalanced expansion of urban and rural sectors

Similar trends can be seen in the differences between rural households in different regions in spending and income with their urban counterparts in the same period(Hooglund, 192). This income disparity between rural and urban areas in the entire country became a deep class gap, which increased after the quadrupling of oil prices in 1974.The rapid and unbalanced expansion of production, especially between the agricultural and industrial sectors, led to a significant increase in the amount of migration from rural to urban areas. The rate of urbanization increased from 31% in 1957 to 49% in 1979 (Table-1)(M. H. Pesaran, 1985).[K]

Year	Population	Urban	Rural
1921	**11,470,000**	**%21**	**%79**
1941	**14,760,000**	**%23**	**%77**
1956	**18,960,000**	**%69**	**%31**
1966	**25,790,000**	**%62**	**%38**
1976	**33,660,000**	**%53**	**%47**
1979	**35,510,000**	**%51**	**%49**

Table-1 : Population distribution percentage
Source: National Statistics Agency of Iran

3.4 The effect of oil revenues on the budget balance, price stability and inflation

During 1963-1972, Iran was constantly facing the problems of budget balance and negative balance of payments and was forced to use foreign loans. But during the period of 1958-1973, the foreign exchange payment for import is more than the income from export.In fact, except the economic recession of 1962-1963, the accumulated deficit in the current account during 1967-1970 was 2.782 million $, which was 246 million $ more than Iran's total income from oil and gas exports in 1972. However, the increase in oil prices from 1973 to 1975 dramatically reversed the situation overnight and turned Iran from a debtor to a creditor (Chart-4).

During 1963-1973, Iran's economy experienced rapid growth in production, price stabilitywith relatively appropriate macroeconomic policies,but inflation suddenly increased during the Fifth Plan period (1973-1977) when the Shah decided, against all recommendations, to double the allocation of government spending and expenses to speed up the growth process. During 1972-1984 (under the cover of the third, fourth and fifth programs) [L] consumer prices increased by an average of 2.6% annually. While the average annual inflation rate during the fifth plan period was 15.7 percent (I.R.Iran, 1981).

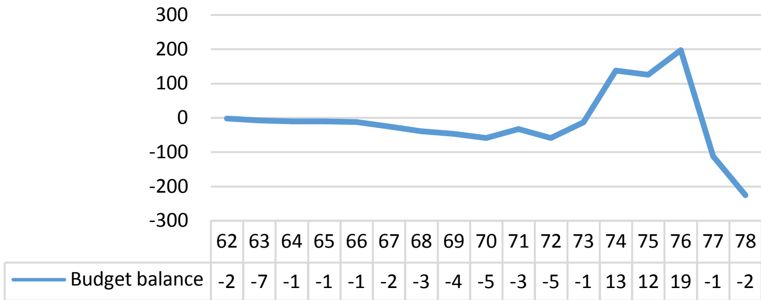


Chart-4: Gaverment budget balance
Source: CBI
Billion Rials "CRP"

Finally, part of this inflation is inevitable and reflects the increase in the price of export resources such as oil. However, the most important factors in the failure of economic programs in resource-rich countries: 1- Increasing the share of oil in the GDP 2- The lack of proper allocation of these revenues, which leads to a change in the budget balance and the transfer of labor from villages to Cities.

4.Rent-seeking and financial corruption resulting from the oil curse

4.1 Definition of rent and a rentier state

In the principles of political economy, Ricardo considered rent as income and natural advantage from nature and land, for which there was no effort. He believed that incomes should be divided between industrial-owners, workers and landowners. In fact, Ricardo

[K] In such a way, the majority of supporters of clerics in the Islamic revolution of 1979 were the same villagers and people from the bottom three deciles of the society, who did not benefit proportionately from the rapid economic growth between 1977-1963 (Gahvari, 1976).

[L]At first, all the third, fourth, and fifth plans were the same, but after the three events of recession in the late 1950s, the increase in oil revenues in 1977-1973, and the revolution of 1979, they were divided into these implicit categories.

considered rent to be a special part of value of goods in such a way that the interests of the landowner or the so-called industrial-owner are always against the interests of any other class in society.

This was the first time that the word rent entered economic literature, in fact, Malthus, Ricardo and Adam Smith considered rent as a higher return for the owner of capital (Parvize, 2003) . A rentier state is one that receives most of its income in the form of rent. Such governments earn money directly from the sale of goods and services those prices are much higher than their production costs. These governments, with the huge income they get, consider advantages for a few people in the society who support it.(Vorani, 2017).

The rent due to sources in different industries is different. Its amount even reaches 80% of income in oil industries, but it is lower in other industries. Since in most countries the government owns natural resources, producers seek to establish close relationships with government officials to earn rent. Profit-seeking groups, using their influence in the government and earning rent, divide it among themselves and change the distribution of income in their favor. For this reason, the inequality of income distribution in these countries is more noticeable than in other countries that lack natural resources.

If everyone has access to resources, many conflicts will disappear, but political groups are opponents of industrialization and innovation. Because in that case they cannot earn from the benefits and rents resulting from a single product economy, therefore they do not support modernization and investment in the production sector.

People who get rent easily consume it without thinking. Trying to get rent can also lead to corruption. Through rent, interest groups gradually become powerful and are encouraged to fight and struggle to gain political power (Figure-1) (Mandana, 2010).

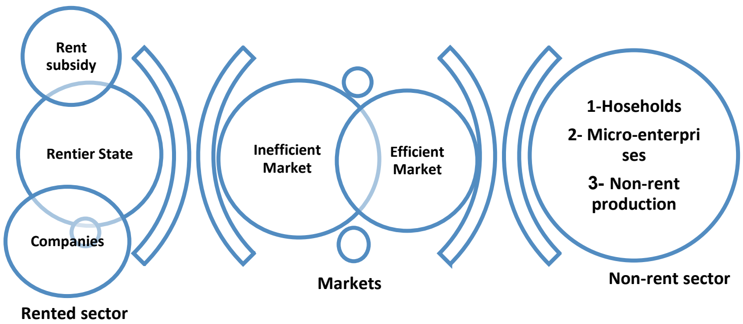


Figure-1: market in Rentier Economy

4.2 The mechanism of the rentier state in Iran's economy

During the years 1963-1973, the regime was successful in the third and fourth development program under the title of the White Revolution in its attempt to transition from a feudal society to a modern society.[M]

The increase in the price of oil created a field for the creation of rent and systematic corruption. In fact, most of the oil revenues after 1973 were wasted for the purchase or production of luxury and semi-luxury consumer items, the complex process of bureaucracy, the establishment of nuclear power plants, the purchase of highly advanced weapons, and the increase in the military budget(Abrahamian, 1982).

To conclude, rent-seeking in a society shifts the concentration of power in the society, rent-seeking people, in addition to the effort they make to earn this income (which in itself is one of the factors of unfair distribution of income in the society), insist on influencing the society in different dimensions. They also have power and are not removed easily (Figure-2)(Mandana, 2010).

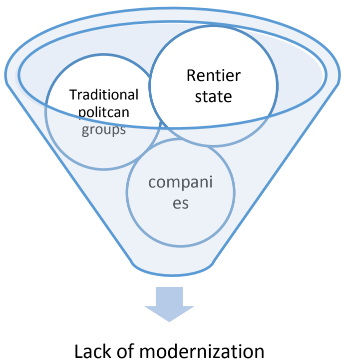


Figure-2: Reasons for lack of modernization in rentier societies

[M] These plans have been localized and implemented in South Korea during the 80s.

5.Savings, investment and expenses in the economy affected by the oil curse

5.1 Saving rate reduction

Savings is a part of a household's income that is saved for future expectations and it is invested in the capital and financial markets to reduce the risk of devaluing due to time(Mandana, 2010). These capitals are also known as floating capitals, in fact, the savings rate is the dynamic economy engine Because banks lend deposits to loans and stock markets provide opportunity for companies to grow with less risk by collecting small deposits.

Abundance of natural resources can slow down the desire to save and invest and increase consumption, thus reducing economic growth, especially when the share of natural resources had been increased in the total production, the demand for capital decreases, which leads to a decrease in the real interest rate and a lower growth rate of the country.

Providing capital with high risk	Decrease in current capital	**Reduced savings**	Household income	Consumption	Increasing production with rent subsidies

1- The rentier state earns its income by extracting and selling natural resources with low production costs and high prices
2- Then the savings rate decreases because even in the best case, the rentier state takes the place of floating small capitals in the banking and depository system and supports the financial markets with the income from a specific product.
3- In this situation, the financial and capital markets, which are actually responsible for protecting the interests of small capitalists, tend to realize the ideals of the rentier government, because they obtain their main financial resources through the rentier government.

As a result: households do not observe the financial and capital markets, which are among the main sectors of the economy for investment, due to the presence of the government, and tend to consume more (Figure-3).

Also:

1- Due to the subsidies paid by the rentier government, the import of goods is much cheaper even than their domestic production.
2- This will be increased the tendency to consume and since households usually consider the prevailing conditions to be stable
3- Therefore, the savings rate decreases
4- investment by the private sector or the so-called micro-capitalists will decrease.

As a result: the rentier state becomes a major part of the market body, and the private sector slowly withdraw, both in investment and in production. With the combination of the corrupt rentier stateand the withdraw of floating capital, the only way to attract capital is actually to accept a corrupt mechanism, otherwise the unit in need of capital will be forced to exit the market. This category continuously strengthens itself in the form of a loop, that is, with the increase of income from non-renewable resources, the economy is practically empty of floating capitals and the body of the economy needs the rentier state more and more (Figure-3).

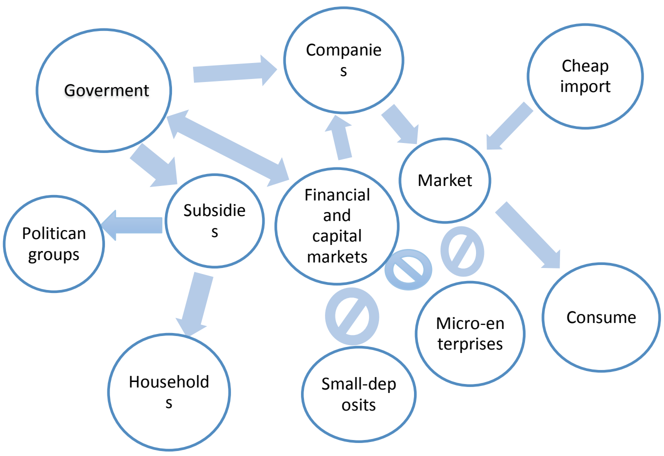
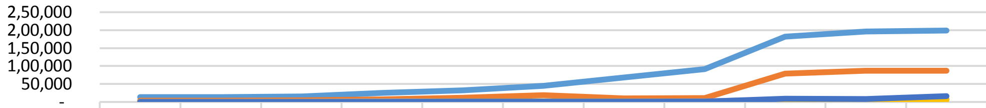


Figure-3: process of Financial and Capital markets in rentier economy

5.2 Public and government expenses

GDPbetween 1960 and 1979 shows that from 1971-1979 the statistics changed in favor of the oil sector by an average of 6% (Chart-3), as a result, the final consumption expenditure (FCE) of the welfare sector also grow. But this growth was not balanced in all expenditure sectors, for example, the defense industry benefited from the increase in oil prices more than public goods, such as social welfare, which increased the utility of the entire society or health costs, which reduced household medical expenses, and improved the education system (Charts-5).

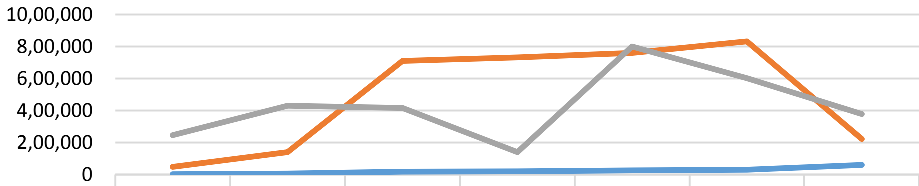


	1959	1961	1963	1965	1967	1969	1971	1974	1975	1977	1978
Ministries and government institutions	13,490	13,764	15,305	25,110	32,280	44,881	67,869	91,091	1,81,260	1,96,004	1,98,687
Military and defense	3,230	3,623	4,301	6,694	10,883	18,181	9,654	10,816	78,898	86,645	86,930
Education	626	758	948	1,439	1,673	1,883	1,106	1,122	5,945	6,110	8,187
Heath	305	290	341	718	1,046	1,036	826	699	6,281	4,830	5,271
Welfare	30	130	259	486	800	815	946	1,032	8,977	8,115	16,549

Chart-5: FCE of Goverment sector
Source: CBI
FRP-2003

The amount of household savings is a reflection of short-term conditions. The decrease in savings is a sign of the decrease in the price of luxury and semi-luxury goods, which, due to the rentier state's subsidies, are now less expensive than before, both in production and in imports.And as a result, with the price reduction, we see an increase in demand in the market. During this period, a part of the oil revenues is paid to some as a subsidy. The result of these measures is consumerism and a reduction in the savings rate.

But increase in the inflation rate during 1976 - 1978, we see an increase in the savings rate due to inflationary expectations. But a huge part of these savings is not injected into the economy for economic productivity (Chart-6) (I.R.Iran, 1981).



	1972	1973	1974	1975	1976	1977	1978
Financial institutions Net saving	3,132	6,669	18,689	21,581	27,778	31,537	60,498
Government Net Saving	48,589	1,41,214	7,10,355	7,31,726	7,61,595	8,32,678	2,22,418
Households net saving	2,47,498	4,30,872	4,15,933	1,40,533	8,00,956	6,02,230	3,79,523

Chart-6: Net Saving
Source: CBI
CRP Million Rials

6.Government financial resources

6.1 Public debt or tax?

Naturally, a developing economy acquires financial resources through production in goods with comparative advantage, foreign investment, choosing a tax level and resorting to public debt. tax and borrowing are two basic tools for funding government projects, but unlike public debt, tax more than a certain amount can have a bad effect on economic activities(Hyman-David, 2012).

If public debt is managed practically, it is a powerful tool for economic development. But if the government does not have a comprehensive and flexible vision, with the increase in the income from export resources, it considers the current situation permanent and starts creating debt through bonds large domestic or foreign financial institutions, etc.Also, collecting taxes requires the governments to be accountable to the taxpayers, and this makes these governments the most democratic governments, because if an action is taken against the current of the society's thought pattern, they will be impeached or removed immediately. Therefore, authority and aristocracy usually have no place in tax societies. Because people stand against the government with the lever of tax disobedience and abstention.

Debts can create claimant for the government. If this debt is created internally and from the people, with any economic or political tension, it can increase the level of dissatisfaction, because people can live in the absence of freedom for many years, but they never accept the loss of their savings. (Azimi, 1989) An example of this problem can be seen in ArvandRoud disputes between the Pahlavi government and the Iraqi Baath government, which finally led to the Algerian agreement due to the pressure of public opinion (Karsh, 2002).

If the foreign claimant is a government or a famous institution, the allocation of large amounts of credits is usually done in exchange for political and economic concessions.For example, in the 1970s, the governments of Venezuela and Nigeria began to borrow heavily from foreign institutions and governments based on the increase in oil revenues, but with the decrease in oil revenues, the governments of that time became heavily indebted and are still in debt (Trend 4) (Mandana, 2010).

6.2 The effect of the oil curse on the monetary base

Governments increase the amount of liquidity in the conditions of severe recession or economic boom. Because the monetary base increase is usually done in news boycott, it does not need to respond to public opinion and does not makeobligations to foreign. The most important effect of an excessive increase in the amount of liquidity is an increase in inflation, especially when the economy is on the rise.

The monetary base during 1968-1972 (before the Arab crisis with Israel, which caused an increase in the price of oil in the world markets) grew from 175 billion Rials to 399.24 billion (227%) (an average of 18% compared to the previous year).

A comparison of the increase in the monetary base of Iran and Germany after the fall of the Berlin Wall, which was 15.2% per year, shows that the government implemented a proper plan even two decades before the golden age of Germany.But after 1973 and the increase in oil income, the monetary base suddenly faced a sudden growth.

In this period, the monetary base reaches 2,578 billion Rials in 1979 from the base of 399.24 in 1973 (645%) (Chart-7). So that the monetary base grew by 36% every year during the years 1973 to 1979. The indiscriminate printing of money, supported by the temporary increase in oil prices in the world markets and the optimism of the Shah and his entourage, leads to an increase in the monetary base and, as a result, an increase in inflation, especially in the period between 1973 and 1979(I.R.Iran, 1981).

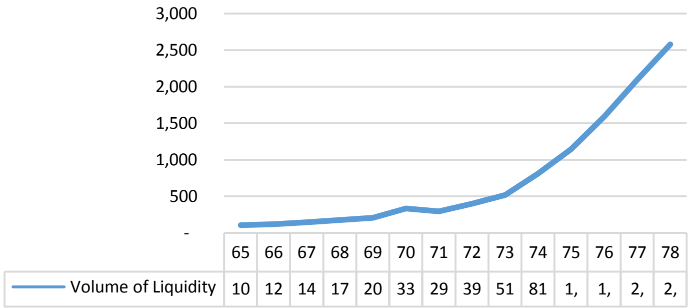


Chart-7: monetry base
Source: CBI
CRP Billion Rials

7.Conclusion:

The accelerated expansion of the industrial sector with more reliance on technology and cultural practices, foreign experts and imported workers, which are usually the actions of rentier governments with monopoly incomes, creates or increases social and economic inequalities and ultimately leads to There will be a revolution.

Iran changed from a country with high foreign debts in 1922 to a country with significant net assets in 1979. According to Iran's experience, natural resources can be a curse as well as a blessing. Huge reserves of natural resources cause foreign intervention, significantly reduce the need to expand non-oil export industries and weaken the government's determination to implement reforms in the tax system. they have earned their own income and finally they are not willing to respond to society.

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The authors declare that they have no conflict of interest.

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