

Financial Warfare: Destabilizing Iran's Monetary System

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Region: [Middle East & North Africa](#)

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ESFAHAN - Dramatic fluctuations of the Iranian rial triggered small protests among merchants in Tehran's grand bazaar on October 3rd, 2012. In an attempt by authorities to prevent further devaluation, Iran's central bank recently issued new limits on the amount of USD available for purchase at a subsidized rate, leading many to panic as the rial fell 40% against the dollar since the start of October. Although the demonstrations were economic in nature, many took advantage of the moment to voice their grievances against the political system, with many crediting President Ahmadinejad with overseeing fiscal mismanagement that has exacerbated Washington's unceasing barrage of economic sanctions. Ahmadinejad's political opponents also blame his administration for economic mismanagement, sentiment that is appearing more frequently among Iranian society.

While combating the challenges that economic sanctions represent is an arduous task for any government, it is important to recognize that these sanctions are not aimed against Iran's government, but at its poor and merchant population. An unnamed US intelligence source [cited by the Washington Post](#) claims:

"In addition to the direct pressure sanctions exert on the regime's ability to finance its priorities, another option here is that they will create hate and discontent at the street level so that the Iranian leaders realize that they need to change their ways."

Washington has long engaged in psychological operations that aim to foment the kind of "hate and discontent" among Iran's factory workers, merchants, shopkeepers, students, and manufacturers - as part of a series of measures taken to coax widespread social discontent and unrest throughout the country to topple the government.

For the average Iranian business owner and worker, US-led sanctions and currency devaluation have affected everyday transactions that provide paychecks and economic viability for millions of people. From urban shopkeepers to rural restaurant owners, many have been forced to close their businesses because they are unable to profit from reselling imported goods purchased with dollars. Isolation from the global banking system has made it increasingly more difficult for Iranian students studying abroad to receive money from their families. Sanctions targeting Iran's central bank aim to devastate the Iranian export economy, affecting everyone from oil exporters to carpet weavers and pistachio cultivators. By crippling people's livelihoods and hindering their ability to pursue education and afford necessities such as food and medication, the Obama administration believes such measures will erode public confidence in the government and challenge its legitimacy.

Such policy is not only immoral, but exhibits the fraudulence and dishonesty of the United States toward the values of liberty and the pursuit of happiness it claims to represent. Although western media has gone to great lengths to depict Obama as being reluctant to endorse a tough stance on Iran, it is clear that Washington is quietly pursuing belligerent policy against Tehran – one that has alienated Iranians that seek reconciliation with the United States and greatly escalated tensions and the possibility of war. As demonstrated by the covert measures being taken against Tehran – including sabotage, cyber warfare, and targeted assassinations – Washington is fully committed to preventing Tehran’s independent technological, economic and political development. While US-led sanctions are intended to target all mechanisms necessary for international oil transactions, Iran continues to show defiance by pursuing diplomacy and mutually beneficial economic development with its energy hungry allies across Asia.

China has continued to purchase larger amounts of Iranian oil despite the sanctions regime. While the fledgling European Union cuts its ties with Tehran, Beijing has moved closer with Iran to provide credit lines and consumer goods. Additionally, nations such as India, Malaysia and Japan have continued their energy imports from Iran – making efforts to internationally isolate Tehran increasing more difficult. Iran has actively engaged in the modernization of its energy infrastructure, including the construction of [fifteen domestic pipelines](#) throughout the country. Furthermore, Iranian firms are planning to construct an electrical power plant and a pipeline to provide energy to Pakistan. In the interest of pursuing mutually beneficially economic development, Tehran has sought further cooperation with its neighbors in Pakistan and [Turkmenistan](#). Iran’s domestic investments emphasize the importance of developing the kind of trade and energy infrastructure needed to continue resistance to hegemony without being internationally isolated.

Tehran has pledged [\\$25 billion to develop its Chabahar port](#), and an [additional \\$4 billion of investment](#) into several different ports around the country. The expanded trade and energy capabilities that would result from such investment would solidify Iran’s place in the global economy, and its seat among world powers. It is for this reason that “the threat of Iran developing nuclear weapons” is used as a stale pretext to enforce economic sanctions, despite a complete lack of evidence to implicate Iran with weaponizing its nuclear energy program. Tehran must be diligent in finding ways to manage its currency devaluation and economic growth – because of its natural resources and abundant energy wealth, the country is in a unique position to deflect international sanctions and use them to its advantage. By partnering with its international allies, Iran can bolster its domestic manufacturing industries and secure international markets for its products. Policy makers in Washington and Tel Aviv should remember that chess is an Iranian game.

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